



Mary Taylor, CPA
Auditor of State

CITY OF SANDUSKY
ERIE COUNTY

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**CITY OF SANDUSKY
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct</i>			
Community Development Block Grant - Entitlement Grants	N/A	14.218	\$ 1,498,509
Community Development Block Grant Revolving Loans	N/A		<u>22,524</u>
Total - Community Development Block Grant			1,521,033
<i>Passed Through Ohio Department of Development</i>			
Home Investment Partnerships Program	A-C-06-172	14.239	<u>63,362</u>
Total - Department of Housing and Urban Development			<u>1,584,395</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Direct</i>			
Federal Transit - Formula Grants	N/A	20.507	594,497
<i>Passed Through Ohio Department of Transportation</i>			
Federal Transit Grant	09-EHTA-0022-009	20.507	62,118
	10-EHTA-0022-010		53,640
	09-UPT-4022-649-091		48,409
	09-JARC-0022-0043		9,627
	09-JARC-4022-0043		15,013
	10-JARC-0022-0043		40,841
	10-JARC-4022-0043		25,811
	10-JARC-4012-0043		<u>2,692</u>
Total Federal Transit Pass-Through Grant			258,151
Total Federal Transit Grant			<u>852,648</u>
Highway Planning and Construction	08N135 09N052	20.205	769,417
Total Highway Planning and Construction			<u>452,392</u> 1,221,809
Recreation Trails Program	80591	20.219	<u>113,500</u>
Total - Department of Transportation			<u>2,187,957</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	<u>23,958</u>
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Direct</i>			
Bulletproof Vest Partnership Program	N/A	16.607	<u>1,175</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 3,797,485</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**CITY OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Sandusky's (the City's) federal award programs' expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

The City passes certain Federal awards received from the United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of Federal awards to subrecipients when paid in cash. Of the federal expenditures presented in the schedule, the City provided Federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218	\$166,404

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and for economic development. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule) when drawn from HUD. Loans repaid, including interest, are used to make additional loans. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory and receivables, and personal assets. At December 31, 2009, the gross amount of loans outstanding under this program was \$719,872. Loans in default are \$214,688.

Activity in the CDBG revolving loan fund during 2009 is as follows:

**CITY OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2009
(Continued)**

Beginning loans receivable balance as of January 1, 2009:	805,397
Loans made:	
Loan principal repaid on loans issued prior to 2009:	<u>(85,525)</u>
Ending loan receivable balance as of December 31, 2009:	719,872
Cash balance on hand in the revolving loan fund as of December 31, 2009:	656,506
Interest subsidies and administrative costs expended during 2009:	<u>22,524</u>
Total value of RLF portion of the CDBG 14.218 program	1,398,902
Other grants administered through the 14.218 program	<u>1,498,509</u>
Total CDBG 14.218 program	<u>2,897,411</u>

NOTE D – HOME REVOLVING LOAN PROGRAM

The City has established a revolving loan program to provide low-interest loans to eligible persons to rehabilitate homes, for rental housing rehabilitation, and down payment assistance. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the City, passed through the Ohio Department of Development. The initial loan of this money would be recorded as a disbursement on the accompanying Federal Awards Expenditures Schedule (the Schedule). Loans repaid, including interest are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2009, the gross amount of loans outstanding under this program was \$1,999,065.

NOTE E – MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Sandusky
Erie County
222 Meigs Street
Sandusky, Ohio 44870-2837

To the City Commission:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 30, 2010.

We intend this report solely for the information and use of management, the audit committee, the City Commission, federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 30, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of Sandusky
Erie County
222 Meigs Street
Sandusky, Ohio 44870-2837

To the City Commission:

Compliance

We have audited the compliance of the City of Sandusky, Erie County, Ohio (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Sandusky complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Federal Awards Expenditures

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sandusky as of and for the year ended December 31, 2009, and have issued our report thereon dated June 30, 2010. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal awards expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, the City Commission, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 30, 2010

**CITY OF SANDUSKY
ERIE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant – Entitlement Grants CFDA #14.218
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes.

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2009

Introductory

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2009

Prepared By:

Department of Finance

Edward A. Widman
Finance Director
(Retired 4/30/10)

Hank S. Solowiej, CPA
Interim Finance Director

Hank S. Solowiej, CPA
Senior Accountant/Auditor

Carol A. Roth
Administrative Secretary

Jacki M. Jesberger
Senior Accounting Clerk II

Heather L. Turner
Senior Accounting Clerk II

Lois Huff
Senior Accounting Clerk II

Kaye L. Conway
Senior Accounting Clerk II



CITY OF SANDUSKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

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DEPARTMENT OF FINANCE
DIVISION OF FINANCE & AUDITS
EDWARD A. WIDMAN, Finance Director

222 MEIGS STREET
SANDUSKY, OHIO 44870
Phone (419) 627-5888
FAX (419) 627-5892

June 30, 2010

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2009, is herewith submitted. This report is prepared according to generally accepted accounting principles (GAAP). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by its financial activity and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The City has a framework of internal controls established to insure the accuracy of the presented data and the completeness and fairness of the presentation. Because the cost of internal controls should not exceed anticipated benefits, the controls provide reasonable assurance that the financial statements are free of any material misstatements.

Management's Discussion and Analysis (MD&A) immediately follows the independent accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The State of Ohio Auditor's Office has issued an unqualified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2009. The Independent Accountant's Report is located at the front of the financial section of this report.

State law requires the City to file basic financial statements with the Auditor of State within one hundred fifty days after year end. This report fulfills that requirement.

PROFILE OF THE CITY OF SANDUSKY

The City of Sandusky, located in Erie County, is a home rule municipal corporation founded in 1818 under the laws of the State of Ohio and, as such, operates under its own Charter adopted in 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of the State of Ohio. The City operates under the City Commission - City Manager form of government. The seven City Commissioners are elected at-large and serve four-year terms. The president of the City Commission serves as the Ex-Officio Mayor. The City Manager, Finance Director, Law Director, and Clerk of Commission are appointed by, and serve at the pleasure of, the City Commission.

The City of Sandusky is ideally located. Sandusky Bay on Lake Erie is larger than any of Ohio's inland lakes and in conjunction with Lake Erie provides a wide spectrum of recreational activities to the citizens as well as to visitors. Sandusky is the largest city in Erie County and is the county seat. The population of the City of Sandusky is 27,844 based on the 2000 Census conducted by the U.S. Census Bureau.

The City is served by diversified transportation facilities, including five State and Interstate Highways and is located near the Ohio Turnpike. It is served by CSX and Norfolk Southern Railroad for freight service and Amtrak for daily passenger service. Passenger air service is provided at Griffing-Sandusky Airport located in the City. Cleveland Hopkins International Airport and the Toledo Express Airport are each within a one hour drive of the City. Lake freighters load or unload coal, salt, and other products from shipping docks in the City.

Sandusky Transit System (STS) public transportation has been serving the Sandusky and Erie County community since 1992. STS is largely supported through Federal and State grants. STS provides over 86,000 rides annually, with 55 percent being work related. STS is demand-responsive with a curb-to-curb assistance policy.

Two daily newspapers serve the City. The City is within the broadcast area of television stations in the Cleveland and Toledo areas and numerous AM and FM radio stations. Multi-channel cable TV service, including educational, governmental, and public access channels, is provided by Erie County Cablevision.

Within commuting distance are several public and private two-year and four-year colleges and universities including Firelands College, University of Toledo, Bowling Green State University, Ohio Business College, and Lorain County Community College. Public education for grades K through 12 is provided by the Sandusky City School District whose boundaries are coterminous with those of the City.

The Firelands Regional Medical Center is located in the City and is one of the City's largest employers. Firelands Regional Medical Center has a history rich in the tradition of providing the finest healthcare services available to the surrounding five-county area. This organization is the result of the merging of Firelands and Providence Hospitals. The Firelands Regional Center Main Campus contains 444 beds and provides the majority of its medical services. The former Providence Hospital location is called the Firelands Regional Center South Campus. It contains an 84 bed skilled-care and rehabilitation unit, along with a family practice and outpatient physical therapy units.

With the City being located on the shores of Sandusky Bay and Lake Erie, many of the commercial and recreational activities are associated with its waterfront location, including ferry lines that provide service to certain Lake Erie islands and Canada. Cedar Point Amusement Park, one of the premier amusement parks in the United States, is located on 364 acres on a peninsula within the City limits and includes over 68 rides and attractions, along with hotels, marinas, and a campground.

The construction of several indoor waterpark resorts over the past several years has made the area a year round tourist destination. In 2001, Great Wolf Lodge completed the construction of a 271-room resort near the City with a 22,000 square foot indoor water amusement park. In 2004, Cedar Point completed construction of Castaway Bay, a 35,000 square foot indoor, year-round, waterpark. Castaway Bay is located at the entrance to the Cedar Point Causeway within the City. Finally, the Kalahari Resort and Convention Center, located near the City, opened in 2005 and includes an 80,000 square foot indoor waterpark. Further expansion at the Kalahari is planned for the near future. In 2007, the Green Tree Inn on Cleveland Road opened another waterpark facility titled "The Rain." Further waterpark expansion was completed at the Green Tree Inn during 2008.

A public library and several museums are located within the City and other cultural and sporting activities are available in Cleveland and Toledo, which are each within a one hour drive of the City.

The City of Sandusky provides a full range of services to its citizens, including police and fire protection, planning and zoning, street maintenance, public transit, floral parks, recreation, forestry, cemetery, water filtration treatment plant and distribution systems, water pollution control treatment plant and sewer collector systems, and general government services. The City also owns and operates the Mills Creek Golf Course.

The City Commission is required to adopt the original budget by no later than March 31 of each year and final budget amendments must be made prior to the close of the year. The annual budget serves as the foundation for the City's financial planning and control. All funds, except agency funds, are required to be budgeted. The legal level of control has been established by the City Commission at the fund, department, and object level in all funds.

The City maintains a bond rating of A2 with Moody's Investor Services.

The City negotiates with three bargaining units: American Federation of State, County, and Municipal Employees Local No. 1519, the Fraternal Order of Police - Lodge No. 17, and the International Association of Fire Fighters - Local No. 327. These agreements expired on December 31, 2009. On March 15, 2010, the City Commission approved a three-year contract with the International Association of Fire Fighters-Local No. 327. On April 12, 2010, the City Commission approved a three-year contract with the Fraternal Order of Police - Lodge No. 17. These new agreements will expire on December 31, 2012.

LOCAL ECONOMY

Major industries located within the City's boundaries or in close proximity include manufacturers of automobiles and automotive components, a theme park, hospital, and local governments such as Erie County and the Sandusky Board of Education.

During the past seven years, the unemployment rate (not seasonally adjusted) has slowly risen from 5.8 percent in December 2001 to an estimated 12.4 percent in December 2009. Current economic conditions indicate income tax collections will be lower in upcoming years. As such, the City has begun reducing its workforce in attempts to stabilize the financial situation. The median household income for the City based on the 2000 Census is \$37,749, compared to the County, State, and national medians of \$42,746, \$40,956, and \$41,994 respectively. The median house value for the City based on the 2000 Census is \$75,400, compared to the County, State, and national medians of \$109,800, \$103,700, and \$119,600 respectively.

LONG-TERM FINANCIAL PLANNING

The City Commission approved the City Strategic Plan in February 2005. The Strategic Plan is a tool that will be used by the City Commission and staff to guide decisions made on behalf of the citizens of the City. If implemented successfully, the strategy will result in growth and overall positive results in the City. The overall purpose of the Strategic Plan is making the City a place where people choose to live, work, and play.

The Strategic Plan contains the following general goals that will be the focus of the City's resources:

- Development of Housing
- Development of Business
- Promotion of the City
- Relationships with Other Local Organizations
- Cultural Diversity
- Customer-Focused Organization

The general goals are supported by a list of action plans that will define the paths to accomplishing the goals. Each action plan will:

- Identify the general goal that it supports;
- Define the steps to complete the plan;
- Identify the City staff responsible for its completion;
- Contain an estimate of resources necessary to complete the plan;
- Contain a timeline;
- Contain an estimate of the impact;
- Define how success is measured.

The City recognizes the importance of long-term strategic planning, as evidenced by its Strategic Plan. Similarly, it recognizes that prudent financial planning considers the multi-year implications of financial decisions. The City shall maintain a long-term focus in its financial planning that is mindful of the long-term objectives of the City.

A five-year financial plan shall be updated on an annual basis by the City Manager. The plan shall include all major operating funds along with the capital needs of the Strategic Plan of the City. The purpose of this plan is to:

- Identify major policy issues for City Commission consideration prior to the preparation of the annual budget;
- Establish capital project priorities and make advance preparation for the funding of projects within the five-year horizon;
- Make conservative financial projections for all major operating funds and all capital needs related to the Strategic Plan to provide assurance that adequate funding exists for proposed projects and services;
- Identify financial trends in advance or in the early stages so that timely corrective action can be taken, if needed; and
- Communicate the City's plans to the public and provide an opportunity for the public to offer input.

RELEVANT FINANCIAL POLICIES

The City of Sandusky has a responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the provision of services desired by the public. Sound financial policies are necessary to carry out that responsibility.

The City has established relevant financial policies for investments, capital assets, and the budget. The purpose of the investment policy is to provide for the complete safety of the portfolio's principal value, assure adequate liquidity, and earn a market rate of return. The investment policy is reviewed annually for compliance and to assure the flexibility necessary to effectively manage the investment portfolio.

The goal of the capital assets inventory system and policy is to provide control and accountability over the City's capital assets and to assist departments in gathering and maintaining information needed for the preparation of the annual financial statements. The City recognizes the importance of preserving the community's capital assets and to ensure that future needs are met.

Finally, the budget policy is designed to provide conceptual standards for financial decision-making, enhance consistency in financial decisions, and establish parameters for the administration to use in directing the day-to-day financial affairs of the City. One-time or special purpose revenues will be used to finance capital projects or for restricted expenditures and not to subsidize recurring personnel costs or other operating costs.

MAJOR INITIATIVES

The City has a unique position as a tourist center due to the City's location on Sandusky Bay, with over twenty-two miles of shoreline within the City limits, and the location of Cedar Point Amusement Park within the City. Several years ago, the City enhanced its shoreline by entering into a development agreement with a private developer in order to implement improvements to the City's Battery Park Marina and adjacent park. These improvements included not only the marina and park, but also a restaurant and a break wall. Battery Park is now a successful commercial operation, which has further enhanced the use of the City's waterfront. Further improvements to the City's waterfront include Shoreline Park, which consists of shore protection, bridges, sidewalks, parking, a gazebo, playground equipment, landscaping, and lighting as well as the 1.7 mile Bay-Front Corridor, a linear park linking major attractions located on the City's central waterfront with a continuous walkway. In 1998, the City received a very generous donation (over \$1 million) from a long-time Sandusky benefactor to develop a plaza at the foot of Columbus Avenue as part of the Bay-Front Corridor development; that project was completed in 2000. All of these waterfront improvements are part of the Port Development Plan adopted by the City Commission in 1991 and updated in 1996.

Besides Battery Park Marina, there are other marinas which have developed over the last decade, including a \$5 million, 700 slip marina created from idle industrial space and a 210 slip marina complex completed by a local legal firm, which also erected a waterfront office center on that site. The Lyman Harbor Marina project rehabilitated an abandoned industrial site into a transient marina and entertainment complex and received a tax abatement for its \$2.94 million project. There are over 8,000 slips available in the Sandusky Bay area.

Implementation of the Sandusky Bay Pathway Master Plan, which trails along the lakefront, began in 2004 with Phase 1 and Phase 2 construction beginning in 2005. The pathway provides a route that offers a means of exercise, relaxation, and access to public parks and facilities and provides a scenic view of the Sandusky Bay. Phase 3 was completed during 2009 with the assistance of a grant through the Ohio Department of Natural Resources Recreational Trails Program.

Cedar Point, a 364-acre amusement and theme park, is located on a peninsula extending into Lake Erie from the City. Developed as a resort area in 1870, Cedar Point is open daily from early May to early October, attracting in excess of 3 million visitors each season to its numerous rides and attractions. Cedar Point also includes a recreational vehicle area, marina, restaurants, and hotels with a combined capacity of almost 1,100 beds, which are open during Cedar Point's season. A water park attraction, with a separate entrance, is included at the park as well as "Challenge Park", with miniature golf, bungee jumping, and grand prix racing. Cedar Point employs 3,700 seasonal employees, primarily college students, and approximately 400 year-round employees.

Significant capital expenditures on new attractions are made every year at Cedar Point. These expenditures have aggregated over \$85 million during the last few years. Cedar Point opened "Breakers Express" hotel in 2001. In 2003, they opened another new roller coaster, its 16th; called the "Top Thrill Dragster", it is one of the tallest and fastest in the world. In 2004, they completed their first year-round attraction - Castaway Bay Indoor Water Park Resort. In 2005, Cedar Point unveiled their latest thrill ride, "maXair". In 2006, Cedar Point added a world-record-breaking thrill ride - "Skyhawk.", the tallest ride of its kind in the world, standing 103 feet above the ground and featuring two giant swinging arms. In 2007, Cedar Point added its 17th roller coaster, "Maverick". The addition of this coaster has given the park more scream machines than any park in the world. Maverick's cost of approximately \$21 million makes it one of the single largest investments in the park's 137-year history. In 2008, capital improvements included a new children's area featuring seven rides and a family lounge area. This area replaced the former Peanuts Playground. In addition, a new corporate headquarters building was constructed adjacent to the current corporate office. In 2009, Starlight Experience was added, a nighttime LED light extravaganza with floats themed to the four seasons.

In 2004, the Firelands Regional Medical Center began planning for a construction project to ease parking constraints, to expand capacity for increasing admissions and outpatient visits, and to focus concerns on one of the top health issues in Sandusky and Erie County, the prevention and treatment of cancer. A 600-space parking garage, which features free parking, was completed and opened in December 2005. Firelands Professional Center I, which houses the new Cancer Center along with physician offices, opened in August 2006. Firelands Regional Medical Center's East Tower opened in spring 2008. The building features a new main entrance and lobby, complete with a gift shop and cafe, registration services, financial counseling, pre-surgical testing, the cashier's office, centralized scheduling, the clergy's office, and the Heart Institute, all on the first floor. In addition, the emergency services department has expanded and is connected to the tower's first floor. Thirteen state-of-the-art operating room suites, specifically equipped for open heart, vascular, orthopedic, neurological, and general surgery, are located on the second floor along with recovery bays and private consultation rooms for surgeons to meet with family members. The third and fourth floors house private patient rooms.

The City has been successful in raising funds through various grant opportunities. These funds help programs that fund fair housing, economic development, public transit, and downtown revitalization efforts. The City has been designated as an Entitlement Community, which allows the City to access federal funds directly from the U.S. Department of Housing and Urban Development.

In 1999, the City purchased the Chesapeake Building and adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, an area now referred to as the "Paper District." In 2002, the Bayfront Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop the properties. The City has entered into a development agreement with Mid-States for that purpose. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued its urban revitalization bonds for that purpose. Over 190 condominium units have been reserved by prospective buyers and the first tenants moved in during 2007. Construction on a lighted public concrete walkway around the Chesapeake Building was completed 2009.

The City has entered into a Regional Water Agreement with Erie County and the City of Huron. In addition, the City has entered into a Sewer Services Agreement with Erie County.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the eighteenth time a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandusky for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

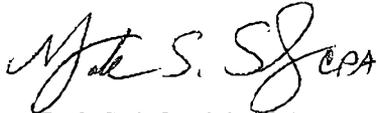
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the supervisors of the other various departments of the City of Sandusky. The preparation of the CAFR requires a major effort and we would like to express our appreciation to everyone who assisted and contributed to the presentation of this year's CAFR.

The employees of the City are dedicated to serving the citizens of Sandusky within the best of their capabilities.

The employees of the City are dedicated to serving the citizens of Sandusky within the best of their capabilities. We wish to take this opportunity to thank the City Commission for its continuing support and to thank our department heads and staff for their diligent efforts to keep Sandusky financially sound and a special place in which people want to live, work, and play. Special acknowledgment is extended to the Local Government Services Section of the Office of the Auditor of State for their continued guidance in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Hank S. Solowiej, CPA". The signature is written in a cursive style with a large, stylized initial "H".

Hank S. Solowiej, CPA
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sandusky
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

2009

ORGANIZATIONAL CHART City of Sandusky



Revised 02/24/09
citychart09.dwg

CITY OF SANDUSKY, OHIO

ELECTED PUBLIC OFFICIALS
December 31, 2009

CITY COMMISSION

Craig H. Stahl
President/Ex-Officio Mayor
Term Expires 12-31-09
First took office 01-01-06

Brett L. Fuqua, Sr.
Vice-President
Term Expires 12-31-11
First took office 01-01-04

Pervis D. Brown, Jr.
Term Expires 12-31-09
First took office 12-12-08

Julie A. Farrar
Term Expires 12-31-11
First took office 01-01-08

Daniel J. Kaman
Term Expires 12-31-11
First took office 01-01-04

David L. Waddington
Term Expires 12-31-11
First took office 01-01-04

Robert R. Warner
Term Expires 12-31-09
First took office 06-09-08

APPOINTED OFFICIALS
December 31, 2009

INTERIM CITY MANAGER

Donald C. Icsman

FINANCE DIRECTOR

Edward A. Widman

LAW DIRECTOR

Donald C. Icsman

CLERK OF COMMISSION

Kelly Kresser

Financial



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Sandusky
Erie County
222 Meigs Street
Sandusky, Ohio 44870-2837

To the City Commission:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sandusky, Erie County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements, individual fund schedules, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and individual fund schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 30, 2010

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The discussion and analysis of the City of Sandusky's financial performance provides an overview of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2009 are as follows:

In total, the City's net assets increased \$10,474,227, or almost 12 percent. Net assets for governmental activities decreased 5 percent, which is not that significant; however, business-type activities increased 31 percent due primarily to a large contribution of assets from Erie County.

Various contracts for improvements to the City's water and sewer treatment facilities were awarded in 2002. Construction activities on these facilities continued in 2009 and change orders were approved by the City Commissioners on these projects. Both projects were funded by charges for services and with resources borrowed from the Ohio Water Development Authority (OWDA).

Both of the City's enterprise funds had an operating income in 2009, indicating operating revenues are currently sufficient to cover operating expenses of the respective funds. As needed, rate increases in the Water and Sewer enterprise funds have kept these funds with positive operating balances; however, 2003 was the last year of scheduled rate increases. As of this date, there are no further rate increases anticipated by the City.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Sandusky's financial position.

The statement of net assets and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's nonmajor funds in a single column. The City's major funds are the General, Special Assessment Bond Retirement, Capital Projects, Water, and Sewer funds.

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

These statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings, streets, bridges, water and sewer lines, and equipment). These factors must be considered when assessing the overall health of the City.

In the statement of net assets and the statement of activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, and general government (which includes the municipal court). These services are primarily funded by property and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's water and sewer services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds; the General, Special Assessment Bond Retirement, Capital Projects, Water, and Sewer funds. While the City uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds, as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Enterprise Funds - The City's enterprise funds use the accrual basis of accounting, the same as that used for the business-type activities on the government-wide financial statements.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds also use the accrual basis of accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net assets for 2009 and 2008.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Current and Other Assets	\$26,026,238	\$32,274,860	\$21,638,720	\$25,460,747	\$47,664,958	\$57,735,607
Capital Assets, Net	51,405,463	50,594,810	77,969,474	56,266,395	129,374,937	106,861,205
Total Assets	77,431,701	82,869,670	99,608,194	81,727,142	177,039,895	164,596,812
<u>Liabilities</u>						
Current and Other Liabilities	9,048,150	11,250,329	1,952,796	671,887	11,000,946	11,922,216
Long-Term Liabilities	23,792,027	24,723,750	43,993,898	40,172,049	67,785,925	64,895,799
Total Liabilities	32,840,177	35,974,079	45,946,694	40,843,936	78,786,871	76,818,015
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	34,869,732	33,005,235	35,050,194	17,057,860	69,919,926	50,063,095
Restricted	12,532,289	16,869,194	0	0	12,532,289	16,869,194
Unrestricted (Deficit)	(2,810,497)	(2,978,838)	18,611,306	23,825,346	15,800,809	20,846,508
Total Net Assets	\$44,591,524	\$46,895,591	\$53,661,500	\$40,883,206	\$98,253,024	\$87,778,797

While the overall change in net assets for governmental activities was not that significant, a 5 percent decrease, there were several items of note. There was a 19 percent decrease in current and other assets with two primary factors contributing to this decrease. There was a decrease in cash and cash equivalents of approximately \$5 million, the result of the necessity for spending cash carryover resources and a reflection of current economic conditions and the decline in revenues as well as the City reducing the bond anticipation note liability by \$2 million (reflected in the decrease in current and other liabilities). There was also a decrease in the receivable for income taxes of over \$817,000, again driven by the continued poor economy. These decreases are also reflected in the decrease in restricted net assets.

There were several significant factors affecting the business-type activities as well. There was a \$4 million decrease in cash and cash equivalents and a \$3.8 million increase in long-term liabilities. Both of these changes are related to continuing construction projects; cash resources being spent as well as additional debt to continue to fund the projects. Both of these factors also led to the decrease in unrestricted net assets. However, the most significant change for business-type activities was the increase in net capital assets and invested in capital assets due to the contribution of capital assets from Erie County. As part of the agreement for the City to service County sanitary sewer needs, the County is funding significant improvements to the City's wastewater treatment system.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 2 reflects the changes in net assets for 2009 and 2008.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$4,082,056	\$8,335,254	\$11,242,701	\$11,941,294	\$15,324,757	\$20,276,548
Operating Grants, Contributions, and Interest	3,531,046	3,008,317	0	0	3,531,046	3,008,317
Capital Grants and Contributions	2,010,876	258,793	12,273,563	178,083	14,284,439	436,876
Total Program Revenues	<u>9,623,978</u>	<u>11,602,364</u>	<u>23,516,264</u>	<u>12,119,377</u>	<u>33,140,242</u>	<u>23,721,741</u>
General Revenues						
Property Taxes	2,249,717	2,593,703	0	0	2,249,717	2,593,703
Payment in Lieu of Taxes	509,866	2,939	0	0	509,866	2,939
Municipal Income Taxes	6,249,181	8,179,964	0	0	6,249,181	8,179,964
Other Local Taxes	3,530,345	3,759,788	0	0	3,530,345	3,759,788
Franchise Taxes	304,588	290,451	0	0	304,588	290,451
Grants and Entitlements not Restricted to Specific Programs	1,808,763	1,884,362	0	0	1,808,763	1,884,362
Interest	559,857	1,329,987	1,086	1,955	560,943	1,331,942
Other	967,843	540,308	248,367	438,600	1,216,210	978,908
Total General Revenues	<u>16,180,160</u>	<u>18,581,502</u>	<u>249,453</u>	<u>440,555</u>	<u>16,429,613</u>	<u>19,022,057</u>
Total Revenues	<u>25,804,138</u>	<u>30,183,866</u>	<u>23,765,717</u>	<u>12,559,932</u>	<u>49,569,855</u>	<u>42,743,798</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,669,764	5,874,509	0	0	5,669,764	5,874,509
Fire	5,862,556	5,937,365	0	0	5,862,556	5,937,365
Other	258,171	314,316	0	0	258,171	314,316
Public Health	315,947	403,533	0	0	315,947	403,533
Leisure Time Activities	816,417	601,231	0	0	816,417	601,231
Community Environment	4,228,845	3,310,344	0	0	4,229,616	3,310,344
Transportation	4,205,229	4,303,144	0	0	4,205,229	4,303,144
General Government						
Municipal Court	933,795	870,524	0	0	933,795	870,524
Other	3,870,955	4,408,458	0	0	3,870,955	4,408,458
Interest and Fiscal Charges	1,495,442	1,447,618	0	0	1,495,442	1,447,618
Water	0	0	5,101,130	5,585,538	5,101,130	5,585,538
Sewer	0	0	6,337,377	6,433,075	6,337,377	6,433,075
Total Expenses	<u>27,657,121</u>	<u>27,471,042</u>	<u>11,438,507</u>	<u>12,018,613</u>	<u>39,095,628</u>	<u>39,489,655</u>

(continued)

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 2
Changes in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Increase (Decrease) in Net Assets before Transfers	(\$1,852,983)	\$2,712,824	\$12,327,210	\$541,319	\$10,474,227	\$3,254,143
Transfers	(451,084)	308,089	451,084	(308,089)	0	0
Increase (Decrease) in Net Assets	(2,304,067)	3,020,913	12,778,294	233,230	10,474,227	3,254,143
Net Assets Beginning of Year	46,895,591	43,874,678	40,883,206	40,649,976	87,778,797	84,524,654
Net Assets End of Year	<u>\$44,591,524</u>	<u>\$46,895,591</u>	<u>\$53,661,500</u>	<u>\$40,883,206</u>	<u>\$98,253,024</u>	<u>\$87,778,797</u>

For governmental activities, there was a significant decrease in program revenues, 17 percent, and all three categories had substantial changes. The decrease in charges for services was due to the assessments in 2008 for Cold Creek Crossing. Operating grants and contributions increased as the City was able to access additional community development block grant resources in 2009. Capital grants and contributions increased due to grants obtained for the bike path project and for land donated to the City.

There was also a 13 percent decrease in general revenues for governmental activities. Much of this decrease in reflected in the decrease in income tax and interest revenue, the result of a continuing depressed economy.

On a positive note, governmental activities expenses remained quite comparable to the prior year with an increase of less than 1 percent. All program expenses were very similar to 2008. The police and fire departments continue to be the largest share of governmental expenses. These departments comprise about 42 percent of all governmental activities costs.

The City's business-type activities are almost entirely funded through charges for services. The significant increase in capital grants and contributions reflects Erie County's contribution of improvements to the City's wastewater treatment system. While the overall change in expenses was not substantial, the Water Fund does reflect a decrease in expenses of almost 9 percent. Several factors contributed to this decrease; the City was able to cut costs for materials and supplies, had a lower interest expense in 2009, and transferred fewer resources for the retirement of debt.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Security of Persons and Property				
Police	\$5,669,764	\$5,874,509	\$5,276,523	\$5,360,436
Fire	5,862,556	5,937,365	5,076,029	5,283,293
Other	258,171	314,316	258,171	314,316
Public Health	315,947	403,533	193,624	285,002
Leisure Time Activities	816,417	601,231	442,068	235,419
Community Environment	4,228,845	3,310,344	2,237,058	1,872,137
Transportation	4,205,229	4,303,144	223,944	(2,754,857)
General Government				
Municipal Court	933,795	870,524	(315,285)	(407,730)
Other	3,870,955	4,408,458	3,145,669	4,233,044
Interest and Fiscal Charges	1,495,442	1,447,618	1,495,442	1,447,618
Total Expenses	<u>\$27,657,121</u>	<u>\$27,471,042</u>	<u>\$18,033,143</u>	<u>\$15,868,678</u>

It should be noted that for all governmental activities, 65 percent of the costs for services in 2009 were provided for through general revenues (compared to 58 percent in 2008), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

Although the dependence on general revenues is substantial, there are several programs which were supported through program revenues in 2009. Leisure time activities received over 46 percent of its support through program revenues, with the majority of these revenues generated by charges for services in the City's park and recreation programs. Community environment activities received over 47 percent of its support through program revenues in 2009. This is primarily the result of various community development block grant programs. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating grants in the form of state levied motor vehicle license fees and gas taxes. For 2009, program revenues provided for 95 percent of program costs.

The negative net cost of services for the Municipal Court indicates that program revenues are sufficient to cover the costs of this program, which includes fines and other revenues to offset the cost of running the court. Under Ohio Law, judges can establish restricted accounts to offset programs of the court. As such, there are various court related funds that provide for certain court activities. The combined operations of the court resulted in the \$315,285 negative net cost of services. At the same time, over \$280,000 of court generated revenues were generated in these other funds. These funds are not available to offset the day to day cost of running the court paid from the General Fund.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Special Assessment Bond Retirement debt service fund, and the Capital Projects capital projects fund. There was a 20 percent decrease in fund balance for the General Fund, primarily related to a decrease in income taxes and interest revenues and the result of the unfavorable economic conditions experienced in 2009. There was also an increase in the amount of resources transferred from the General Fund to other funds to subsidize operations of other funds and to make debt payments.

The Special Assessment Bond Retirement Fund had a zero fund balance at year end as all resources were used to make principal and interest payments during the year.

The deficit in the Capital Projects Fund doubled in 2009 due to the undertaking of significantly more construction activities during 2009 as well as the reduction in the bond anticipation note liability for the Bayfront Urban Revitalization Area project.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds consist of the Water and Sewer funds. Both funds reflect an operating income and increase in net assets for 2009. Currently, the Water and Sewer funds are generating adequate revenues to cover the cost of operations and debt service; however, these funds continue to accumulate a significant amount of debt with the Ohio Water Development Authority for major renovations in progress at the water and sewer treatment plants. The improvements are required to keep the City in compliance with EPA standards. There will be additional improvements within both utilities. The City did increase water and sewer rates by 25 percent in January 2003 as part of a three-year rate program to provide additional funds for operations and future debt retirement; however, 2003 was the last year of the rate increase period. As of this date, there are no further rate increases scheduled.

Also, note the increase in net assets for the Sewer Fund, 55 percent, and the result of the contribution of capital assets from Erie County of over \$12 million in 2009.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute. The annual appropriations ordinance cannot be adopted prior to the second Monday in January of each year per City Charter. The City approves a temporary appropriations ordinance until the annual appropriations are approved. The City's most significant budgeted fund is the General Fund. For revenues, there was no change from the original budget to the final budget and changes from the final budget to actual revenues received were minimal (less than 2 percent). For expenditures, the change from the original budget to the final budget was a 2 percent decrease and the change from the final budget to actual expenditures was also a 2 percent decrease, both insignificant changes.

The General Fund supports many of our major activities such as the Police Department and Fire Department as well as most general government operations.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2009, was \$34,869,732 and \$35,050,194, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included land, ongoing construction in progress (such as Mills Street, Camp Street, Hayes Avenue), a splash pad at Huron Park, ongoing street reconstruction/resurfacing, a lifepak monitor, and a mower. Disposals included a pickup truck, two police cruisers, a fire truck, and an ambulance. The primary additions for the business-type activities were related to Phase I of the wastewater treatment plant improvements, the Buchanan/Hayes water line, and the Venice Road lift station, along with the additional assets contributed by Erie County (wastewater treatment plant). There were no disposals. For further information on the City's capital assets, refer to Note 12 to the basic financial statements.

Debt - At December 31, 2009, the City had \$4,900,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included \$16,624,377 in general obligation bonds, \$4,170,986 in special assessment bonds, \$2,117,825 in general obligation revenue bonds, \$40,693,071 in Ohio Water Development Authority loans, and \$1,244,028 in other long-term loans. Of the total long-term obligations, \$43,287,649 will be repaid from business-type activities.

In addition to the debt discussed above, the City's long-term obligations also include capital leases and compensated absences. For further information on the City's debt, refer to Notes 19, 20, and 21 to the basic financial statements.

CURRENT ISSUES

The City of Sandusky has been designated as an Entitlement Community, which allows the City to access federal funds directly from the U.S. Department of Housing and Urban Development. Along with existing City grant programs, which includes the Clean Ohio Program, the City of Sandusky will continue to have several million dollars in grant monies available in 2010 for public programs. These funds will help programs that fund fire prevention and safety, fair housing, economic development, brownfield assessments, street improvements, public transit, and downtown revitalization.

In October 2009, the City Commission authorized the issuance of \$3,700,000 in various improvement notes. The 2009 various improvement notes were issued to retire notes previously issued to replace the air conditioning unit at the Municipal Building, complete street improvements, revitalize the Bayfront Urban Revitalization Area by acquiring and clearing various properties, undertaking environmental cleanup and remediation, and exercising options on certain properties within the area, and to acquire a fire boat and pumper truck for the fire department. This funding will also assist with downtown redevelopment.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Hank S. Solowiej, CPA, Interim Finance Director, 222 Meigs Street, Sandusky, Ohio 44870.

City of Sandusky
Statement of Net Assets
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,125,272	\$19,362,592	\$28,487,864
Accounts Receivable	1,095,825	1,234,727	2,330,552
Accrued Interest Receivable	67,493	0	67,493
Due from Other Governments	2,111,575	344,376	2,455,951
Municipal Income Taxes Receivable	1,747,121	0	1,747,121
Other Local Taxes Receivable	50,048	0	50,048
Prepaid Items	75	951	1,026
Materials and Supplies Inventory	232,682	661,693	894,375
Property Taxes Receivable	2,526,483	0	2,526,483
Payment in Lieu of Taxes Receivable	508,836	0	508,836
Notes Receivable	2,580,406	0	2,580,406
Special Assessments Receivable	5,697,499	0	5,697,499
Unamortized Bond Issuance Costs	282,923	34,381	317,304
Nondepreciable Capital Assets	11,958,167	17,058,785	29,016,952
Depreciable Capital Assets, Net	39,447,296	60,910,689	100,357,985
Total Assets	77,431,701	99,608,194	177,039,895
<u>Liabilities</u>			
Accrued Wages Payable	224,582	78,881	303,463
Accounts Payable	365,400	137,327	502,727
Contracts Payable	253,688	637,911	891,599
Due to Other Governments	778,716	157,629	936,345
Matured Compensated Absences Payable	110,282	0	110,282
Accrued Interest Payable	134,686	17,704	152,390
Notes Payable	4,900,000	0	4,900,000
Retainage Payable	90,362	923,344	1,013,706
Deferred Revenue	2,190,434	0	2,190,434
Long-Term Liabilities			
Due Within One Year	1,535,274	1,712,984	3,248,258
Due in More Than One Year	22,256,753	42,280,914	64,537,667
Total Liabilities	32,840,177	45,946,694	78,786,871
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	34,869,732	35,050,194	69,919,926
Restricted for			
Capital Projects	3,244,581	0	3,244,581
Debt Service	2,920,521	0	2,920,521
Street Maintenance	513,934	0	513,934
State Grants	2,835,024	0	2,835,024
Federal Grants	995,302	0	995,302
Other Purposes	2,022,927	0	2,022,927
Unrestricted (Deficit)	(2,810,497)	18,611,306	15,800,809
Total Net Assets	\$44,591,524	\$53,661,500	\$98,253,024

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Activities
For the Year Ended December 31, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,669,764	\$342,426	\$50,815	\$0
Fire	5,862,556	721,402	40,269	24,856
Other	258,171	0	0	0
Public Health	315,947	122,323	0	0
Leisure Time Activities	816,417	233,214	27,635	113,500
Community Environment	4,228,845	417,210	1,574,577	0
Transportation	4,205,229	882,613	1,773,202	1,325,470
General Government				
Municipal Court	933,795	1,184,632	64,548	0
Other	3,870,955	178,236	0	547,050
Interest and Fiscal Charges	1,495,442	0	0	0
Total Governmental Activities	27,657,121	4,082,056	3,531,046	2,010,876
<u>Business-Type Activities</u>				
Water	5,101,130	5,361,036	0	0
Sewer	6,337,377	5,881,665	0	12,273,563
Total Business-Type Activities	11,438,507	11,242,701	0	12,273,563
Total	\$39,095,628	\$15,324,757	\$3,531,046	\$14,284,439

General Revenues

Property Taxes Levied for General Purposes
Property Taxes Levied for Police and Fire Pension
Property Taxes Levied for Debt Service
Payment in Lieu of Taxes
Municipal Income Taxes Levied for General Purposes
Municipal Income Taxes Levied for Debt Service
Municipal Income Taxes Levied for Capital Projects
Other Local Taxes
Franchise Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,276,523)	\$0	(\$5,276,523)
(5,076,029)	0	(5,076,029)
(258,171)	0	(258,171)
(193,624)	0	(193,624)
(442,068)	0	(442,068)
(2,237,058)	0	(2,237,058)
(223,944)	0	(223,944)
315,385	0	315,385
(3,145,669)	0	(3,145,669)
(1,495,442)	0	(1,495,442)
(18,033,143)	0	(18,033,143)
0	259,906	259,906
0	11,817,851	11,817,851
0	12,077,757	12,077,757
(18,033,143)	12,077,757	(5,955,386)
1,568,338	0	1,568,338
257,807	0	257,807
423,572	0	423,572
509,866	0	509,866
5,609,577	0	5,609,577
355,717	0	355,717
283,887	0	283,887
3,530,345	0	3,530,345
304,588	0	304,588
1,808,763	0	1,808,763
559,857	1,086	560,943
967,843	248,367	1,216,210
16,180,160	249,453	16,429,613
(451,084)	451,084	0
15,729,076	700,537	16,429,613
(2,304,067)	12,778,294	10,474,227
46,895,591	40,883,206	87,778,797
\$44,591,524	\$53,661,500	\$98,253,024

City of Sandusky
Balance Sheet
Governmental Funds
December 31, 2009

	General	Special Assessment Bond Retirement	Capital Projects	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$2,859,534	\$0	\$1,928,821	\$4,250,356	\$9,038,711
Accounts Receivable	278,894	0	0	816,931	1,095,825
Accrued Interest Receivable	65,719	0	0	1,774	67,493
Interfund Receivable	22,980	0	0	0	22,980
Due from Other Governments	663,863	0	761,354	686,358	2,111,575
Municipal Income Taxes Receivable	1,550,568	0	0	196,553	1,747,121
Other Local Taxes Receivable	17,538	0	0	32,510	50,048
Prepaid Items	32	0	43	0	75
Materials and Supplies Inventory	140,828	0	0	91,854	232,682
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	86,561	0	0	0	86,561
Property Taxes Receivable	1,845,935	0	0	680,548	2,526,483
Payment in Lieu of Taxes Receivable	2,067	0	0	506,769	508,836
Notes Receivable	0	0	0	2,580,406	2,580,406
Special Assessments Receivable	0	5,697,499	0	0	5,697,499
Total Assets	\$7,534,519	\$5,697,499	\$2,690,218	\$9,844,059	\$25,766,295
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$202,993	\$0	\$0	\$21,589	\$224,582
Accounts Payable	77,293	0	19,129	268,978	365,400
Contracts Payable	0	0	238,742	14,946	253,688
Interfund Payable	0	0	0	22,980	22,980
Due to Other Governments	377,046	0	2,099	399,571	778,716
Matured Compensated Absences Payable	99,007	0	0	11,275	110,282
Accrued Interest Payable	0	0	21,820	0	21,820
Notes Payable	0	0	4,900,000	0	4,900,000
Retainage Payable	0	0	69,102	21,260	90,362
Deferred Revenue	3,737,325	5,697,499	113,560	2,656,823	12,205,207
Total Liabilities	4,493,664	5,697,499	5,364,452	3,417,422	18,973,037
<u>Fund Balance</u>					
Reserved for Encumbrances	26,453	0	893,379	465,463	1,385,295
Reserved for Interfund Receivable	19,590	0	0	0	19,590
Reserved for Unclaimed Monies	86,561	0	0	0	86,561
Reserved for Notes Receivable	0	0	0	2,259,561	2,259,561
Unreserved, Reported in					
General Fund	2,908,251	0	0	0	2,908,251
Special Revenue Funds	0	0	0	2,812,530	2,812,530
Debt Service Funds	0	0	0	743,456	743,456
Capital Projects Funds (Deficit)	0	0	(3,567,613)	145,627	(3,421,986)
Total Fund Balance (Deficit)	3,040,855	0	(2,674,234)	6,426,637	6,793,258
Total Liabilities and Fund Balance	\$7,534,519	\$5,697,499	\$2,690,218	\$9,844,059	\$25,766,295

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
 Reconciliation of Total Governmental Fund Balance
 to Net Assets of Governmental Activities
 December 31, 2009

Total Governmental Fund Balance \$6,793,258

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 51,405,463

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	178,920	
Accrued Interest Receivable	65,098	
Due from Other Governments	1,113,078	
Municipal Income Taxes Receivable	1,297,350	
Other Local Taxes Receivable	1,012	
Property Taxes Receivable	336,049	
Payment in Lieu of Taxes Receivable	508,836	
Special Assessments Receivable	<u>6,514,430</u>	
		10,014,773

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 282,923

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due. (112,866)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

General Obligation Bonds Payable	(16,624,377)	
Special Assessment Bonds Payable	(4,170,986)	
Loans Payable	(767,275)	
Capital Leases Payable	(38,073)	
Compensated Absences Payable	<u>(2,191,316)</u>	
		<u>(23,792,027)</u>

Net Assets of Governmental Activities \$44,591,524

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2009

	General	Special Assessment Bond Retirement	Capital Projects	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,600,739	\$0	\$0	\$695,582	\$2,296,321
Payment in Lieu of Taxes	2,164	0	0	506,877	509,041
Municipal Income Taxes	6,307,121	0	0	728,024	7,035,145
Other Local Taxes	3,535,100	0	0	419,081	3,954,181
Special Assessments	0	329,564	0	34,030	363,594
Charges for Services	452,428	0	530,582	642,506	1,625,516
Fees, Licenses, and Permits	490,961	0	145,993	223,561	860,515
Fines and Forfeitures	1,094,941	0	0	80,473	1,175,414
Intergovernmental	1,811,158	0	1,325,410	3,588,443	6,725,011
Interest	580,027	0	0	46,635	626,662
Other	527,579	1,989	396,070	85,849	1,011,487
Total Revenues	16,402,218	331,553	2,398,055	7,051,061	26,182,887
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	4,889,273	0	0	635,193	5,524,466
Fire	4,492,827	0	93,085	783,263	5,369,175
Other	258,171	0	0	0	258,171
Public Health	261,732	0	0	27,550	289,282
Leisure Time Activities	0	0	3,154	372,325	375,479
Community Environment	1,317,930	0	9,720	3,383,859	4,711,509
Transportation	570	0	253,142	2,556,575	2,810,287
General Government					
Municipal Court	922,634	0	731	771	924,136
Other	3,165,601	0	13,518	0	3,179,119
Other	0	0	0	112,205	112,205
Capital Outlay	0	0	3,330,130	73,977	3,404,107
Debt Service:					
Principal Retirement	48,750	348,534	37,843	683,385	1,118,512
Interest and Fiscal Charges	27,501	245,408	244,974	954,435	1,472,318
Total Expenditures	15,384,989	593,942	3,986,297	9,583,538	29,548,766
Excess of Revenues Over (Under) Expenditures	1,017,229	(262,389)	(1,588,242)	(2,532,477)	(3,365,879)
<u>Other Financing Sources (Uses)</u>					
Special Assesment Bonds Issued	0	84,400	0	0	84,400
Sale of Capital Assets	3,100	0	27,706	0	30,806
Transfers In	0	160,010	341,454	2,267,777	2,769,241
Transfers Out	(1,803,893)	(87,790)	(116,466)	(576,003)	(2,584,152)
Total Other Financing Sources (Uses)	(1,800,793)	156,620	252,694	1,691,774	300,295
Changes in Fund Balance	(783,564)	(105,769)	(1,335,548)	(840,703)	(3,065,584)
Fund Balance (Deficit) Beginning of Year	3,824,419	105,769	(1,338,686)	7,267,340	9,858,842
Fund Balance (Deficit) End of Year	<u>\$3,040,855</u>	<u>\$0</u>	<u>(\$2,674,234)</u>	<u>\$6,426,637</u>	<u>\$6,793,258</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2009

Changes in Fund Balance - Total Governmental Funds (\$3,065,584)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Capital Outlay	3,153,673	
Capital Contributions	571,006	
Depreciation	<u>(2,892,294)</u>	832,385

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a gain on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(30,806)	
Gain on Disposal of Capital Assets	<u>9,074</u>	(21,732)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Property Taxes	(46,604)	
Payment in Lieu of Taxes	825	
Municipal Income Taxes	(785,964)	
Other Local Taxes	(4,755)	
Special Assessments	(270,927)	
Charges for Services	210,355	
Fees, Licenses, and Permits	3,096	
Intergovernmental	(25,539)	
Interest	<u>(39,316)</u>	(958,829)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets.

General Obligation Bonds Payable	669,865	
Special Assessment Bonds Payable	348,534	
Loans Payable	62,270	
Capital Leases Payable	<u>37,843</u>	1,118,512

Debt proceeds are other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net assets.

Special Assessment Bonds		(84,400)
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(continued)

City of Sandusky
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2009
 (continued)

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net assets. Premiums are reported as revenues when debt is first issued; however, these amounts are deferred and amortized on the statement of activities. Issuance costs are reported as an expenditure when paid in the governmental funds but are amortized over the life of the debt on the statement of activities. Accounting losses are amortized over the life of the debt on the statement of activities.

Accrued Interest Payable	(\$18,090)	
Amortization of Premium	3,795	
Amortization of Issuance Costs	(3,940)	
Amortization of Accounting Loss	(4,889)	
	(23,124)	(23,124)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(101,295)

Change in Net Assets of Governmental Activities

(\$2,304,067)

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,795,822	\$1,795,822	\$1,600,739	(\$195,083)
Payment in Lieu of Taxes	2,164	2,164	2,164	0
Municipal Income Taxes	6,642,613	6,642,613	6,334,752	(307,861)
Other Local Taxes	3,737,781	3,737,781	3,524,858	(212,923)
Charges for Services	379,674	379,674	404,137	24,463
Fees, Licenses, and Permits	482,025	482,025	490,961	8,936
Fines and Forfeitures	1,105,592	1,105,592	1,117,256	11,664
Intergovernmental	1,626,222	1,626,222	1,955,952	329,730
Interest	800,000	800,000	800,946	946
Other	275,000	275,000	278,892	3,892
Total Revenues	16,846,893	16,846,893	16,510,657	(336,236)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,404,496	5,128,496	5,043,970	84,526
Fire	4,900,965	4,640,965	4,573,605	67,360
Other	215,000	275,000	269,380	5,620
Public Health	257,705	275,705	267,888	7,817
Community Environment	1,555,611	1,393,612	1,351,047	42,565
Transportation	1,150	1,150	570	580
General Government				
Municipal Court	900,270	950,270	942,684	7,586
Other	3,114,789	3,437,389	3,281,186	156,203
Debt Service:				
Principal Retirement	48,750	48,750	48,750	0
Interest and Fiscal Charges	27,501	27,501	27,501	0
Total Expenditures	16,426,237	16,178,838	15,806,581	372,257
Excess of Revenues Over Expenditures	420,656	668,055	704,076	36,021
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	93,730	93,730	222,142	128,412
Sale of Capital Assets	0	0	3,100	3,100
Advances In	3,390	3,390	3,390	0
Transfers Out	(1,509,885)	(1,859,885)	(1,803,893)	55,992
Total Other Financing Sources (Uses)	(1,412,765)	(1,762,765)	(1,575,261)	187,504
Changes in Fund Balance	(992,109)	(1,094,710)	(871,185)	223,525
Fund Balance Beginning of Year	3,713,547	3,713,547	3,713,547	0
Prior Year Encumbrances Appropriated	34,308	34,308	34,308	0
Fund Balance End of Year	\$2,755,746	\$2,653,145	\$2,876,670	\$223,525

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fund Net Assets
Enterprise Funds
December 31, 2009

	Water	Sewer	Total
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$8,283,540	\$11,079,052	\$19,362,592
Accounts Receivable	377,148	857,579	1,234,727
Due from Other Governments	182,695	161,681	344,376
Prepaid Items	938	13	951
Materials and Supplies Inventory	466,524	195,169	661,693
Total Current Assets	9,310,845	12,293,494	21,604,339
<u>Non-Current Assets</u>			
Unamortized Bond Issuance Costs	8,203	26,178	34,381
Nondepreciable Capital Assets	4,469,186	12,589,599	17,058,785
Depreciable Capital Assets, Net	21,230,466	39,680,223	60,910,689
Total Non-Current Assets	25,707,855	52,296,000	78,003,855
Total Assets	35,018,700	64,589,494	99,608,194
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	36,541	42,340	78,881
Accounts Payable	47,747	89,580	137,327
Contracts Payable	84,641	553,270	637,911
Due to Other Governments	65,470	92,159	157,629
Accrued Interest Payable	7,846	9,858	17,704
Retainage Payable	129,961	793,383	923,344
General Obligation Revenue Bonds Payable	85,000	92,000	177,000
OWDA Loans Payable	373,590	962,658	1,336,248
Loans Payable	37,490	13,711	51,201
Compensated Absences Payable	107,430	41,105	148,535
Total Current Liabilities	975,716	2,690,064	3,665,780
<u>Non-Current Liabilities</u>			
General Obligation Revenue Bonds Payable	238,203	1,702,622	1,940,825
OWDA Loans Payable	14,338,234	25,018,589	39,356,823
Loans Payable	311,593	113,959	425,552
Compensated Absences Payable	245,408	312,306	557,714
Total Non-Current Liabilities	15,133,438	27,147,476	42,280,914
Total Liabilities	16,109,154	29,837,540	45,946,694
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	10,530,063	24,520,131	35,050,194
Unrestricted	8,379,483	10,231,823	18,611,306
Total Net Assets	\$18,909,546	\$34,751,954	\$53,661,500

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	\$5,361,036	\$5,881,665	\$11,242,701
Other	16,045	232,322	248,367
Total Operating Revenues	<u>5,377,081</u>	<u>6,113,987</u>	<u>11,491,068</u>
<u>Operating Expenses</u>			
Personal Services	2,171,756	2,698,917	4,870,673
Travel and Transportation	10,742	12,070	22,812
Contractual Services	723,425	1,224,471	1,947,896
Materials and Supplies	347,230	474,071	821,301
Depreciation	928,054	733,205	1,661,259
Other	1,259	989	2,248
Total Operating Expenses	<u>4,182,466</u>	<u>5,143,723</u>	<u>9,326,189</u>
Operating Income	<u>1,194,615</u>	<u>970,264</u>	<u>2,164,879</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Revenue	517	569	1,086
Interest Expense	(918,664)	(1,193,654)	(2,112,318)
Total Non-Operating Revenues (Expenses)	<u>(918,147)</u>	<u>(1,193,085)</u>	<u>(2,111,232)</u>
Income before Contributions and Transfers	276,468	(222,821)	53,647
Capital Contributions	238,701	12,671,035	12,909,736
Transfers Out	(94,735)	(90,354)	(185,089)
Changes in Net Assets	420,434	12,357,860	12,778,294
Net Assets Beginning of Year	<u>18,489,112</u>	<u>22,394,094</u>	<u>40,883,206</u>
Net Assets End of Year	<u>\$18,909,546</u>	<u>\$34,751,954</u>	<u>\$53,661,500</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Increases (Decreases) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$5,300,124	\$5,794,558	\$11,094,682
Cash Payments for Personal Services	(2,172,707)	(2,662,055)	(4,834,762)
Cash Payments for Contractual Services	(658,751)	(1,218,045)	(1,876,796)
Cash Payments to Vendors	(898,303)	(542,255)	(1,440,558)
Cash Received from Other Revenues	16,552	234,513	251,065
Cash Payments for Other Expenses	(1,259)	(989)	(2,248)
Net Cash Provided by Operating Activities	<u>1,585,656</u>	<u>1,605,727</u>	<u>3,191,383</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers Out	<u>(94,735)</u>	<u>(90,354)</u>	<u>(185,089)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on General Obligation Revenue Bonds	(85,000)	(87,000)	(172,000)
Principal Paid on OWDA Loans	(744,046)	(917,042)	(1,661,088)
Principal Paid on Loans	(28,331)	(10,362)	(38,693)
Interest Paid on General Obligation Revenue Bonds	(18,524)	(76,995)	(95,519)
Interest Paid on OWDA Loans	(885,012)	(1,111,359)	(1,996,371)
Interest Paid on Loans	(15,983)	(5,845)	(21,828)
OWDA Loans Issued	5,963	5,566,214	5,572,177
Acquisition of Capital Assets	<u>(3,169,461)</u>	<u>(5,723,714)</u>	<u>(8,893,175)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(4,940,394)</u>	<u>(2,366,103)</u>	<u>(7,306,497)</u>
<u>Cash Flows from Investing Activities</u>			
Interest	<u>517</u>	<u>569</u>	<u>1,086</u>
Net Decrease in Cash and Cash Equivalents	(3,448,956)	(850,161)	(4,299,117)
Cash and Cash Equivalents Beginning of Year	<u>11,732,496</u>	<u>11,929,213</u>	<u>23,661,709</u>
Cash and Cash Equivalents End of Year	<u>\$8,283,540</u>	<u>\$11,079,052</u>	<u>\$19,362,592</u>

(continued)

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2009
(continued)

	Water	Sewer	Total
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>			
Operating Income	\$1,194,615	\$970,264	\$2,164,879
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>			
Depreciation	928,054	733,205	1,661,259
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(54,537)	(88,021)	(142,558)
(Increase) Decrease in Due from Other Governments	(5,868)	3,105	(2,763)
Decrease in Prepaid Items	12,055	438	12,493
Increase in Materials and Supplies Inventory	(320,644)	(28,439)	(349,083)
Decrease in Accrued Wages Payable	(49,102)	(58,746)	(107,848)
Decrease in Accounts Payable	(4,403)	(4,048)	(8,451)
Decrease in Contracts Payable	(104,259)	(16,977)	(121,236)
Increase in Due to Other Governments	8,166	8,845	17,011
Decrease in Retainage Payable	(58,435)	(172)	(58,607)
Increase in Compensated Absences Payable	40,014	86,273	126,287
Net Cash Provided by Operating Activities	<u>\$1,585,656</u>	<u>\$1,605,727</u>	<u>\$3,191,383</u>

Non-Cash Capital Transactions

In 2009, the Capital Projects capital projects fund constructed water lines and sewer lines and donated them to the Water and Sewer enterprise funds, in the amount of \$238,701 and \$397,472, respectively.

In 2009, the Sewer enterprise fund received contributions of capital assets from Erie County, in the amount of \$12,273,563.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2009

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$262,252</u>
 <u>Liabilities</u>	
Due to Other Governments	\$100,420
Undistributed Assets	<u>161,832</u>
 Total Liabilities	 <u>\$262,252</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 1 - DESCRIPTION OF THE CITY OF SANDUSKY AND THE REPORTING ENTITY

A. The City

The City of Sandusky is a charter municipal corporation founded in 1818, with the charter adopted by the electors on July 28, 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of Ohio.

The City operates under a part-time seven member commission and full-time city manager form of government. Services provided include police, fire, ambulance, municipal court, engineering, planning and zoning, street maintenance and repair, public transit, parks and recreation programs (including a municipal golf course), cemetery, water filtration, wastewater treatment, and general administrative services. Except for water and sewer, major utilities are provided by private entities.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Sandusky, this includes the Sandusky Municipal Court and all departments and activities that are directly operated by the elected City officials.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Sandusky in 2009.

The City of Sandusky participates in the Buckeye Ohio Risk Management Agency (BORMA), a public entity shared risk pool. This organization is presented in Note 24 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Sandusky have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the City's accounting policies.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the City are reported in three categories; governmental, proprietary, and fiduciary.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Assessment Bond Retirement Fund - This fund accounts for special assessment monies received for the payment of principal, interest, and fiscal charges on special assessment debt.

Capital Projects Fund - This fund accounts for monies received from construction grants, proceeds of bonds and notes, donations, and transfers used for capital projects.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund - This fund accounts for operations of the water distribution system within the City and for the sale of water to Erie County.

Sewer Fund - This fund accounts for operations of the sewer collection system within the City and for sewer service to Erie County.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2009. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for various funds held for final disposition to the Erie County Law Library, contractors, municipal courts (excluding the City of Sandusky), insurance proceeds to secure proper handling of fire damaged structures, and employee payroll deductions.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2009, but were levied to finance 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the City Commission may appropriate. The appropriations ordinance is the City Commission's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Commission. The legal level of control has been established by the City Commission at the fund, department, and object level in all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the City prior to year end.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the City Commission during the year.

F. Cash and Investments

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2009, the City's investments included nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Federal agency securities are reported at fair value, which is based on quoted market price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to City funds according to State statutes, City Charter, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2009 was \$580,027, which includes \$499,069 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted.

J. Unamortized Issuance Costs/Bond Discounts and Premiums

For governmental funds, issuance costs and bond premiums are recognized in the current period on the fund financial statements. For the entity-wide and enterprise fund financial statements, issuance costs, bond discounts, and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds. Bond discounts and premiums are presented as a reduction of or addition to the face amount of the bonds, as applicable.

K. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Category</u>	<u>Estimated Lives</u>
Buildings	15-45 years
Improvements Other Than Buildings	7-50 years
Streets	10-50 years
Bridges	50 years
Utility Plant	15-45 years
Water and Sewer Lines	50 years
Equipment	5-20 years

L. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from interfund loans are reported as “Interfund Receivables/Payables”. Interfund balances are eliminated on the statement of net assets, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as “Internal Balances”, when applicable.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City’s union contracts or administrative ordinance. The City records a liability for accumulated unused sick leave for all employees with ten or more years of service with the City or any employee who is age fifty or older.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds, special assessment bonds, long-term loans, and capital leases are recognized as liabilities on the fund financial statements when due.

O. Unamortized Loss on Refunding

For refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for construction, repair, and maintenance of State highways, the public transit system, recreation, and other revenues restricted for use by the municipal court and police department. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, interfund, unclaimed monies, and notes receivable.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

S. Capital Contributions

Capital contributions arise from contributions from other governments and other funds.

T. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

U. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS

A. Changes in Accounting Principles

For 2009, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS

(continued)

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in the economic resources measurement focus financial statements. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and the participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any changes to the financial statements.

B. Restatement of Net Assets

During 2009, the City changed the accounting treatment applied to the receivable for payment in lieu of taxes. Based on guidance from GASB, this receivable is presently considered a non-exchange transaction and a one year receivable is being recorded. In prior years, this was considered an exchange transaction and the entire receivable was recognized in the initial year, along with the corresponding deferred revenue.

	<u>Governmental</u>
	<u>Activities</u>
Net Assets at December 31, 2008	\$51,835,041
Payment in Lieu of Taxes Receivable	(4,939,450)
Restated Net Assets at December 31, 2008	<u>\$46,895,591</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2009, the Parks and Recreational, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$10,199, \$199,820, and \$133,697, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Capital Projects capital projects fund had a deficit fund balance, in the amount of \$2,674,234 due to reporting the bond anticipation note liability in the fund receiving the note proceeds. The deficit will be alleviated when the notes are paid.

B. Compliance

The following accounts had expenditures/expenses in excess of appropriations for the year ended December 31, 2009.

Fund/Department/Object	Appropriations	Expenditures/Expenses	Excess
Governmental Activities			
Redevelopment Tax Increment Fund			
Transfers Out	\$0	\$33,678	\$33,678
Various Improvement Fund			
Debt Service			
Interest and Fiscal Charges	3,119	19,550	16,431
Business-Type Activities			
Sewer Fund			
Debt Service			
Interest Expense	1,110,476	1,212,996	102,520

The City will monitor future appropriations to ensure they are adequate for amounts needed for expenditures/expenses.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General Fund are as follows:

Changes in Fund Balance

GAAP Basis	(\$783,564)
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2008, Received in Cash 2009	876,496
Accrued 2009, Not Yet Received in Cash	(685,478)
Expenditure Accruals:	
Accrued 2008, Paid in Cash 2009	(1,113,379)
Accrued 2009, Not Yet Paid in Cash	754,558
Cash Adjustments:	
Unrecorded Activity 2008	173,931
Unrecorded Activity 2009	(34,368)
Prepaid Items	2,941
Materials and Supplies Inventory	(30,655)
Advances In	3,390
Encumbrances Outstanding at Year End (Budget Basis)	(35,057)
Budget Basis	(\$871,185)

NOTE 6 - DEPOSITS AND INVESTMENTS

The City follows State statutes regarding its deposit and investment activity. State statutes classify monies held by the City into three categories.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Active monies are public monies determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the City Commission has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio), and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,641,722 of the City's bank balance of \$15,128,738 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of December 31, 2009, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$1,202,628	10/22/12
Federal National Mortgage Association Notes	501,875	2/18/14
Federal Home Loan Bank Notes	1,011,600	6/11/10
Federal Home Loan Bank Notes	498,415	6/1/12
Federal Home Loan Bank Notes	1,006,400	6/29/12
Federal Home Loan Bank Notes	997,500	12/24/12
Federal Home Loan Bank Notes	996,830	12/28/12
Federal Home Loan Bank Notes	1,133,344	9/30/14
Federal Home Loan Bank Notes	500,780	10/29/14
Federal Home Loan Bank Notes	984,060	12/29/14
Federal Farm Credit Bank Bonds	1,018,680	9/2/10
Federal Farm Credit Bank Bonds	842,364	5/19/14
Federal Farm Credit Bank Notes	501,745	4/1/11
Federal Farm Credit Bank Notes	202,606	6/18/12
Federal Home Loan Mortgage Corporation Notes	1,202,928	3/3/14
Federal Home Loan Mortgage Corporation Notes	397,256	4/28/14
STAR Ohio	1,016,382	61.2 days
Total Investments	<u>\$14,015,393</u>	

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Finance Director from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

All of the federal agency securities carry a rating of AAA by Moodys. STAR Ohio carries a rating of AAAM by Standard and Poor's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The City places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of investments to the City's total portfolio:

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$1,704,503	12.2%
Federal Home Loan Bank	7,128,929	50.9
Federal Farm Credit Bank	2,565,395	18.3
Federal Home Loan Mortgage Corporation	1,600,184	11.4

NOTE 7 - RECEIVABLES

Receivables at December 31, 2009, consisted of accounts (billings for user charged services); accrued interest; interfund; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; property taxes; payment in lieu of taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for interfund, property taxes, notes receivable, and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$2,259,561, will not be received within one year. Special assessments, in the amount of \$5,194,756, will not be received within one year. At December 31, 2009, the amount of delinquent special assessments was \$637,899.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$95,989
Personal Property Phase-Out	34,912
Local Government	386,463
Beer and Liquor Permits	28,091
Estate Tax	58,933

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
General Fund (continued)	
Cigarette Tax	\$2,413
Charges for Services	3,547
Fines and Forfeitures	53,515
Total General Fund	663,863
Capital Projects Fund	
Fees, Licenses, and Permits	2,312
Bike Path Grant	46,435
Mills Street Reconstruction Grant	529,265
Hayes Avenue Underpass Rehabilitation Grant	183,342
Total Capital Projects Fund	761,354
Total Major Funds	1,425,217
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	376,677
Motor Vehicle License Tax	79,006
Permissive Motor Vehicle License Tax	76
Total Street Maintenance	455,759
State Highway	
Gasoline Tax	30,542
Motor Vehicle License Tax	6,406
Total State Highway	36,948
Public Transit	
Job Access/Reverse Commute Grant	19,371
Fire Pension	
Homestead and Rollback	7,890
Personal Property Phase-Out	2,870
Total Fire Pension	10,760
Police Pension	
Homestead and Rollback	7,890
Personal Property Phase-Out	2,870
Total Police Pension	10,760
State Grants	
Community Corrections Grant	32,274

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Federal Grants	
Housing Grant	\$83,105
Indigent Drivers Alcohol	
Drug and Alcohol Addiction Grant	6,890
Fees, Licenses, and Permits	1,778
Total Indigent Drivers Alcohol	8,668
Enforcement and Education	
Fines and Forfeitures	802
Court Computerization	
Fines and Forfeitures	1,613
General Bond Retirement	
Homestead and Rollback	26,298
Total Nonmajor Funds	686,358
Total Governmental Activities	\$2,111,575
Business-Type Activities	
Water Fund	
Erie County	\$181,449
Charges for Services	1,246
Total Water Fund	182,695
Sewer Fund	
Erie County	159,078
Charges for Services	2,603
Total Sewer Fund	161,681
Total Business-Type Activities	\$344,376

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies and collects an income tax of 1 percent based on all income earned within the City as well as on incomes of residents earned outside the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 8 - MUNICIPAL INCOME TAXES (continued)

For 2009, income taxes were allocated as follows: 88.75 percent to the General Fund for general operations of the City; 6.25 percent to the General Bond Retirement debt service fund to be used for the retirement of general obligation debt; and 5 percent to the Capital Improvement capital projects fund to be used for the capital improvement program.

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Sandusky. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2009, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2009 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 9 - PROPERTY TAXES (continued)

The full tax rate for all City operations for the year ended December 31, 2009, was \$5.25 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Category	Amount
Real Property	\$477,139,000
Public Utility Personal Property	11,862,000
Tangible Personal Property	1,135,050
Total Assessed Value	\$490,136,050

NOTE 10 - PAYMENT IN LIEU OF TAXES

According to State law, the City has entered into agreements with a number of property owners under which the City has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the City which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The property owners contractually promise to make these payments in lieu of taxes until the agreement expires.

NOTE 11 - NOTES RECEIVABLE

A summary of the changes in notes receivable during 2009 follows:

	Balance January 1, 2009	New Loans	Repayments	Balance December 31, 2009
Special Revenue Fund				
State Grants				
Revolving Loans	\$805,397	\$0	\$85,525	\$719,872
Rehabilitation Revolving Loans	2,410,874	254,656	666,465	1,999,065
Total State Grants	3,216,271	254,656	751,990	2,718,937
Federal Grants				
Micro-Enterprise Loans	0	7,500	1,562	5,938
Downtown Façade Loans	0	70,219	0	70,219
Total Federal Grants	0	77,719	1,562	76,157
	\$3,216,271	\$332,375	\$753,552	2,795,094
Less Allowance for Uncollectible Accounts				214,688
				\$2,580,406

Notes receivable are reduced each year by the amount of loans which have been determined to be uncollectible.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 12 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$6,579,667	\$679,671	\$0	\$7,259,338
Construction in Progress	2,681,759	2,275,119	(258,049)	4,698,829
Total Nondepreciable Capital Assets	9,261,426	2,954,790	(258,049)	11,958,167
Depreciable Capital Assets				
Buildings	18,102,052	0	0	18,102,052
Improvements Other Than Buildings	17,421,043	117,452	0	17,538,495
Streets	42,797,025	848,837	0	43,645,862
Bridges	229,802	0	0	229,802
Equipment	10,110,192	61,649	(330,902)	9,840,939
Total Depreciable Capital Assets	88,660,114	1,027,938	(330,902)	89,357,150
Less Accumulated Depreciation for				
Buildings	(8,121,489)	(594,778)	0	(8,716,267)
Improvements Other Than Buildings	(5,783,089)	(517,828)	0	(6,300,917)
Streets	(26,450,594)	(1,315,958)	0	(27,766,552)
Bridges	(73,536)	(4,596)	0	(78,132)
Equipment	(6,898,022)	(459,134)	309,170	(7,047,986)
Total Accumulated Depreciation	(47,326,730)	(2,892,294)	309,170	(49,909,854)
Total Depreciable Capital Assets, Net	41,333,384	(1,864,356)	(21,732)	39,447,296
Governmental Activities Capital Assets, Net	\$50,594,810	\$1,090,434	(\$279,781)	\$51,405,463

Governmental activities accepted contributions of both nondepreciable and depreciable capital assets with fair values of \$547,050 and \$23,956, respectively.

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$802,302	\$0	\$0	\$802,302
Construction in Progress	16,961,957	14,030,196	(14,735,670)	16,256,483
Total Nondepreciable Capital Assets	17,764,259	14,030,196	(14,735,670)	17,058,785

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
Business-Type Activities (continued)				
Depreciable Capital Assets				
Buildings	\$18,991,505	\$23,756,399	\$0	\$42,747,904
Improvements Other Than Buildings	22,582,654	5,700	0	22,588,354
Utility Plant	5,464,056	0	0	5,464,056
Water and Sewer Lines	19,690,701	307,713	0	19,998,414
Equipment	2,346,112	0	0	2,346,112
Total Depreciable Capital Assets	<u>69,075,028</u>	<u>24,069,812</u>	<u>0</u>	<u>93,144,840</u>
Less Accumulated Depreciation for				
Buildings	(13,949,130)	(179,628)	0	(14,128,758)
Improvements Other Than Buildings	(3,522,365)	(845,957)	0	(4,368,322)
Utility Plant	(2,609,740)	(212,043)	0	(2,821,783)
Water and Sewer Lines	(8,793,714)	(314,011)	0	(9,107,725)
Equipment	(1,697,943)	(109,620)	0	(1,807,563)
Total Accumulated Depreciation	<u>(30,572,892)</u>	<u>(1,661,259)</u>	<u>0</u>	<u>(32,234,151)</u>
Total Depreciable Capital Assets, Net	<u>38,502,136</u>	<u>22,408,553</u>	<u>0</u>	<u>60,910,689</u>
Business-Type Activities Capital Assets, Net	<u>\$56,266,395</u>	<u>\$36,438,749</u>	<u>(\$14,735,670)</u>	<u>\$77,969,474</u>

The Water and Sewer enterprise funds accepted contributions of capital assets from the Capital Projects capital projects fund with fair values of \$238,701 and \$397,472, respectively, during 2009. The Sewer enterprise fund accepted a contribution of capital assets from Erie County with a fair value of \$12,273,563 during 2009.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$110,767
Security of Persons and Property - Fire	402,655
Public Health	30,550
Leisure Time Activities	123,210
Community Environment	139,226
Transportation	1,536,012
General Government - Municipal Court	9,836
General Government - Other	540,038
Total Depreciation Expense - Governmental Activities	<u>\$2,892,294</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 13 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2009, the General Fund had an interfund receivable, in the amount of \$22,980, for a loan made to other governmental funds. Of this amount, \$19,590 is not scheduled to be collected within one year.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Buckeye Ohio Risk Management Agency (BORMA), a public entity shared risk pool among several cities in Northern Ohio. The City pays monthly premiums for health care coverage for its employees and for property, crime, and liability insurance. BORMA is responsible for the management and operation of the programs. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage provided under the respective programs. Member cities are subject to supplemental assessments of up to 25 percent of the premiums paid for health insurance during that year and in an amount equal to the annual premiums for property, crime, and liability insurance in the event of deficiencies. Upon withdrawal from BORMA, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal from the respective programs.

During 2009, the City contracted with BORMA for the following coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Property (building and contents)	\$123,455,000
Inland Marine	3,000,000
General Liability	10,000,000
Employee Benefit Liability	10,000,000
Auto Uninsured-Underinsured	1,000,000
Boiler and Machinery	50,000,000
Public Official Liability	10,000,000

There has been no significant reduction in insurance coverage from 2008, and no insurance settlement has exceeded insurance coverage during the last three years.

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 15 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2009:

Contract	Remaining Commitment
All-Phase Power	\$29,449
Americrew	21,359
Arcadis Us	56,817
Behnke Associates	6,500
Bowser Morner	75,871
Ed Burdue	48,700
Byington Builders	27,775
CB&I, Inc.	86,342
Collaborative	2,677
CRM	6,350
D&M Painting	74,902
Emerald FX	4,894
Erie Blacktop	113,759
Feick Contractors	4,115
John Hancock	12,812
Herbst Excavating	9,692
Hoty Enterprises	7,770
Industrial Power System	418,599
Jones & Henry	299,249
Kemira Water Solutions	7,261
Malcolm Pirnie	92,482
Mapleview Farms	3,866
MHW Americas	558,000
Mosser Construction	45,196
Norfolk Southern	84,402
Ohio Edison	34,310
Olde Towne Windows	24,128
Partners Environmental Consulting	106,378

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 15 - SIGNIFICANT CONTRACTUAL COMMITMENTS (continued)

Contract	Remaining Commitment
Practice Consulting	\$4,576
Precision Paving	52,222
Sensus Metering	71,160
Smith Paving	880,993
Speer Brothers	30,890
Transystems	12,057
TTL Associates	2,929
World International	28,393
Total	<u>\$3,346,875</u>

NOTE 16 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10 percent of covered payroll, public safety and law enforcement members contributed 10.1 percent.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

The City's contribution rate for 2009 was 14 percent of covered payroll. For 2009, a portion of the City's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan from January 1 through March 31 and 5.5 percent was allocated from April 1 through December 31. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 was \$585,054, \$498,531, and \$607,660, respectively; 89 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$10,396 made by the City and \$7,426 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2009, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment health care plan. The City's required contribution for pension obligations for police and firefighters for the year ended December 31, 2009, was \$468,884 and \$578,909, for the year ended December 31, 2008, was \$453,645 and \$576,415, and for the year ended December 31, 2007, was \$451,038 and \$543,127. For 2009, 80 percent has been contributed for police and 73 percent has been contributed for firefighters. The full amount has been contributed for 2008 and 2007.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent of covered payroll for the remainder of the year.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2009, 2008, and 2007 was \$430,556, \$504,389, and \$400,834, respectively; 89 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

B. Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by OPF. OPF provides healthcare benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium reimbursement, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OPF provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit, or is a spouse or eligible dependent child of such person.

The Ohio Revised Code permits, but does not require, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

Funding Policy - OPF's postemployment healthcare plan was established and is administered as an IRS Code Section 115 trust for health care benefits and an Internal Revenue Code 401(h) account for Medicare Part B reimbursements, both within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OPF. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 115 trust and 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters for the year ended December 31, 2009, was \$248,233 and \$226,530, for the year ended December 31, 2008, was \$240,165 and \$225,554, and for the year ended December 31, 2007, was \$238,785 and \$212,528. For 2009, 80 percent has been contributed for police and 73 percent has been contributed for firefighters. The full amount has been contributed for 2008 and 2007.

NOTE 18 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 18 - COMPENSATED ABSENCES (continued)

Sick leave is earned at various rates as defined by City policy and union contracts. Any employee with ten years of service with the City who elects to retire is entitled to receive their accumulated unused sick leave as follows:

	<u>AFCSME</u>	<u>IAF</u>	<u>FOP</u>	<u>Administration</u>
40 hours/week				
Sick hours less than 1,000	25 %	25 %	25 %	25 %
Sick hours 1,000 - 1,499	30 %	30 %	30 %	30 %
Sick hours 1,500 - 2,199	35 %	35 %	35 %	35 %
Sick hours over 2,200	45 %	45 %	45 %	45 %
51 hours/week				
Sick hours less than 1,300	n/a	25 %	n/a	n/a
Sick hours 1,300 - 1,949	n/a	30 %	n/a	n/a
Sick hours 1,950 - 2,859	n/a	35 %	n/a	n/a
Sick hours over 2,860	n/a	45 %	n/a	n/a

The City also provides for a provision of sick leave payoff in case of death.

NOTE 19 - SHORT-TERM OBLIGATIONS

The City's short-term obligations activity for the year ended December 31, 2009, were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2008 Various Improvement	4.25%	\$6,915,000	\$0	\$6,915,000	\$0
2009 Various Improvement	1.50	0	3,700,000	0	3,700,000
Total Bond Anticipation Notes		6,915,000	3,700,000	6,915,000	3,700,000
<u>Temporary Revenue Bond</u>					
Debt Service Fund					
2009 Urban Renewal	3.28	0	1,200,000	0	1,200,000
Total Governmental Activities		\$6,915,000	\$4,900,000	\$6,915,000	\$4,900,000

According to Ohio law, notes may be issued in anticipation of bond proceeds or for up to 50 percent of anticipated revenue collections.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 19 - SHORT-TERM OBLIGATIONS (continued)

The City has issued bond anticipation notes with a maturity of one year which will be reissued until paid in full or until bonds are issued. The liability for all notes is presented in the fund receiving the proceeds.

The 2008 various improvement notes were issued to retire notes previously issued to acquire a pumper truck, fire boat, replace the air conditioning unit at the Municipal Building, street improvements, roof repairs, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. The 2009 various improvement notes were issued to retire notes previously issued to acquire a pumper truck, fire boat, replace the air conditioning unit at the Municipal Building, street improvements, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. Upon completion of the Bayfront Urban Revitalization Area project, all assets acquired or constructed will be donated to Mid-States Bayfront Development, LLC.

At December 31, 2009, the total amount of various improvement notes outstanding was \$3,700,000, of which \$3,555,163 has been expended for construction. Of the \$3,700,000, \$2,500,000 will not be capitalized.

During 2009, the City issued \$1,200,000 in temporary revenue bonds with a maturity of one year to revitalize the Bayfront Urban Revitalization Area. Upon completion of the Bayfront Urban Revitalization Area project, all assets acquired or constructed will be donated to Mid-States Bayfront Development, LLC.

At December 31, 2009, the total amount of urban renewal temporary revenue bonds outstanding was \$1,200,000, of which \$1,200,000 has been expended for construction. None of the \$1,200,000 will be capitalized.

NOTE 20 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2000 City Complex	4.35-6.25%	\$85,000	\$0	\$85,000	\$0	\$0
2001 Library	3.00-5.05	4,550,000	0	105,000	4,445,000	100,000
2001 Police Pension	3.00-5.05	34,105	0	17,053	17,052	17,052
2001 Fire Pension	3.00-5.05	45,895	0	22,947	22,948	22,948
2001 Various Purpose	3.00-5.05	569,730	0	209,865	359,865	219,865
2004 Judgement Refunding	4.15	120,000	0	30,000	90,000	30,000
2005 Various Purpose	3.50-5.13	945,000	0	130,000	815,000	140,000
2005 City Complex Refunding	4.28	6,165,000	0	45,000	6,120,000	185,000
Bond Premium		44,810	0	327	44,483	0
Accounting Loss		(576,942)	0	(4,211)	(572,731)	0

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds (continued)						
2007 Police Pension Refunding	4.00-4.25%	\$445,515	\$0	\$0	\$445,515	\$2,132
Bond Premium		4,697	0	0	4,697	0
Accounting Loss		(20,078)	0	0	(20,078)	0
2007 Fire Pension Refunding	4.00-4.25	599,485	0	0	599,485	2,868
Bond Premium		6,320	0	0	6,320	0
Accounting Loss		(27,016)	0	0	(27,016)	0
2007 Various Purpose Refunding	4.00-4.25	4,408,271	0	25,000	4,383,271	20,000
Bond Premium		32,232	0	154	32,078	0
Accounting Loss		(142,190)	0	(678)	(141,512)	0
Total General Obligation Bonds		17,289,834	0	665,457	16,624,377	739,865
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.50-7.75	4,324,197	84,400	348,534	4,060,063	353,975
2002 Bond Premium		2,700	0	600	2,100	0
2008 Bond Premium		111,537	0	2714	108,823	0
Total Special Assessment Bonds		4,438,434	84,400	351,848	4,170,986	353,975
Other Long-Term Obligations						
Loans Payable		829,545	0	62,270	767,275	82,402
Capital Leases		75,916	0	37,843	38,073	37,159
Compensated Absences		2,090,021	149,376	48,081	2,191,316	321,873
Total Other Long-Term Obligations		2,995,482	149,376	148,194	2,996,664	441,434
Total Governmental Activities		\$24,723,750	\$233,776	\$1,165,499	\$23,792,027	\$1,535,274

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2002 Waterworks Improvement Refunding	4.50-4.75%	\$240,000	\$0	\$80,000	\$160,000	\$80,000
Bond Premium		14,704	0	4,901	9,803	0
Accounting Loss		(2,400)	0	(800)	(1,600)	0
2004 Water Pollution Control Refunding	4.15	175,000	0	42,000	133,000	42,000
2005 Water System	3.50-5.13	160,000	0	5,000	155,000	5,000
2005 Wastewater System	3.50-5.13	1,680,000	0	45,000	1,635,000	50,000
Bond Premium		47,251	0	1,266	45,985	0
Bond Discount		(19,896)	0	(533)	(19,363)	0
Total General Obligation Revenue Bonds		2,294,659	0	176,834	2,117,825	177,000

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Business-Type Activities</u> (continued)						
OWDA Loans						
Water	4.60-5.20%	\$15,449,907	\$5,963	\$744,046	\$14,711,824	\$373,590
Sewer	4.27-6.39	21,332,075	5,566,214	917,042	25,981,247	962,658
Total OWDA Loans		36,781,982	5,572,177	1,661,088	40,693,071	1,336,248
Other Long-Term Obligations						
Loans Payable		515,446	0	38,693	476,753	51,201
Compensated Absences Payable		579,962	146,482	20,195	706,249	148,535
Total Business-Type Activities		<u>\$40,172,049</u>	<u>\$5,718,659</u>	<u>\$1,896,810</u>	<u>\$43,993,898</u>	<u>\$1,712,984</u>

2000 City Complex General Obligation Bonds

In 2000, the City issued \$6,000,000 in unvoted general obligation bonds for the construction of a city service complex. The bonds were issued for a twenty year period with maturity beginning April 12, 2000. During 2005, \$5,770,000, of these bonds was refunded. During 2009, the bonds were fully retired from the General Bond Retirement debt service fund.

2001 Library Improvement General Obligation Bonds

In 2001, the City issued \$6,340,000 in unvoted general obligation bonds for renovating and improving the City library. The bonds were issued for a twenty year period with maturity beginning May 1, 2001. The bonds will be paid from the General Bond Retirement debt service fund.

The City of Sandusky and the Sandusky Library Association, an Ohio not-for-profit corporation, have entered into a contractual agreement whereby the City issued these bonds for library construction and renovations. As part of the agreement, the City will lease (for zero rent charges or lease payments) the library (real property, including building and improvements) for a period of twenty-five years, or until the bonds are paid off. Upon full payment of the debt, all of the new construction and improvements will become the property of the Sandusky Library Association.

2001 Police Pension General Obligation Bonds

In 2001, the City issued \$552,098 in unvoted general obligation bonds for pension purposes. The bonds were issued for a twenty-five year period with maturity beginning June 1, 2001. The bonds will be paid from the General Bond Retirement debt service fund. During 2007, \$417,803 of these bonds was refunded.

2001 Fire Pension General Obligation Bonds

In 2001, the City issued \$742,902 in unvoted general obligation bonds for pension purposes. The bonds were issued for a twenty-five year period with maturity beginning June 1, 2001. The bonds will be paid from the General Bond Retirement debt service fund. During 2007, \$562,197 of these bonds was refunded.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

2001 Various Purpose General Obligation Bonds

In 2001, the City issued \$6,037,200 in unvoted general obligation bonds for the Downtown Streetscape project, the Lane Street project, the Butler Street capacity project, the Columbus Avenue underpass, the City building project, the Transit building project, the Plaza project, the Fire Station project, and the Remington Avenue project. The bonds were issued for a twenty-five year period with maturity beginning June 1, 2001. The bonds will be paid from the General Bond Retirement debt service fund. During 2007, \$4,183,404 of these bonds was refunded.

2004 Judgement Refunding General Obligation Bonds

On October 15, 2004, the City issued \$240,000 in judgement refunding general obligation bonds to refund \$270,000 in judgement general obligation bonds previously issued. The bonds were issued for an eight year period with maturity beginning December 1, 2005. The bonds will be paid from the General Bond Retirement debt service fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2004.

2005 Various Purpose General Obligation Bonds

In 2005, the City issued \$1,295,000 in unvoted general obligation bonds for acquiring two fire pumper trucks, the grade separation project, and improving the boat launch ramp. The bonds were issued for a twenty year period with maturity beginning December 1, 2006. The bonds will be paid from the General Bond Retirement debt service fund.

2005 City Complex Refunding General Obligation Bonds

On March 22, 2005, the City issued \$6,410,000 in unvoted refunding general obligation bonds to refund \$5,770,000 in unvoted general obligation bonds for the construction of a city service complex. The bonds were issued for a fifteen year period with maturity beginning December 1, 2005. The bonds will be paid from the General Bond Retirement debt service fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2005.

2007 Police Pension Refunding General Obligation Bonds

On September 27, 2007, the City issued \$445,515 in unvoted refunding general obligation bonds to refund \$417,803 in pension general obligation bonds previously issued. The bonds were issued for a twenty year period with maturity beginning December 1, 2010. The bonds will be paid from the General Bond Retirement debt service fund.

The bonds maturing on or after December 1, 2015, are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000, on any date on or after June 1, 2015, at par plus accrued interest to the redemption date.

At December 31, 2009, \$417,803 of the defeased bonds was still outstanding.

2007 Fire Pension Refunding General Obligation Bonds

On September 27, 2007, the City issued \$599,485 in unvoted refunding general obligation bonds to refund \$562,197 in pension general obligation bonds previously issued. The bonds were issued for a twenty year period with maturity beginning December 1, 2010. The bonds will be paid from the General Bond Retirement debt service fund.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on or after December 1, 2015, are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000, on any date on or after June 1, 2015, at par plus accrued interest to the redemption date.

At December 31, 2009, \$562,197 of the defeased bonds was still outstanding.

2007 Various Purpose Refunding General Obligation Bonds

On September 27, 2007, the City issued \$4,433,271 in unvoted refunding general obligation bonds to refund \$4,183,404 in bonds previously issued for the Downtown Streetscape project, the Lane Street project, the Butler Street capacity project, the Columbus Avenue underpass, the Transit building project, the Plaza project, the Fire Station project, and the Remington Avenue project. The bonds were issued for a twenty year period with maturity beginning December 1, 2008. The bonds will be paid from the General Bond Retirement debt service fund.

The bonds maturing on or after December 1, 2015, are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000, on any date on or after June 1, 2015, at par plus accrued interest to the redemption date.

At December 31, 2009, \$4,183,404 of the defeased bonds was still outstanding.

Special Assessment Bonds

The special assessment bonds are backed by the full faith and credit of the City of Sandusky. In the event that an assessed property owner fails to make payments or insufficient amounts are assessed to fund the debt, the City will be required to pay the related debt. The special assessment bonds were used to pay for projects that are not capitalized by the City.

On September 27, 2007, the City issued \$66,729 in unvoted general refunding obligation bonds to refund \$61,596 in bonds previously issued for the Remington Avenue project. The bonds were issued for a fifteen year period with maturity beginning December 1, 2011. The bonds will be paid from the Special Assessment Bond Retirement debt service fund.

The bonds maturing on or after December 1, 2015, are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000, on any date on or after June 1, 2015, at par plus accrued interest to the redemption date.

At December 31, 2009, \$61,596 of the defeased bonds was still outstanding.

Loans Payable

On June 22, 2007, the City entered into a loan agreement with Honeywell, in the amount of \$1,489,793, for energy efficiency upgrades at a number of City buildings. The loans have an interest rate of 4.25 percent. The loans were obtained for a ten year period with maturity beginning June 22, 2007. The loans are being retired through the General Fund and the Water and Sewer enterprise funds. Of this loan, \$651,525 was not capitalized in governmental activities and \$333,988 was not capitalized in the business-type activities.

Capital Leases Payable

Capital lease obligations will be paid from the fund that maintains custody of the related asset.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Compensated Absences

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Street Maintenance, Public Transit, Parks and Recreational, and Federal Grants special revenue funds, the Various Improvement capital projects fund, and the Water and Sewer enterprise funds.

General Obligation Revenue Bonds

The general obligation revenue bonds are liabilities of the Water and Sewer enterprise funds and pledge their respective revenues for repayment. The bonds also pledge the full faith and credit and taxing ability of the City in the event the enterprise funds' revenues are not sufficient to meet the principal and interest requirements.

2002 Waterworks Improvement Refunding Bonds

On September 1, 2002, the City issued \$720,000 in waterworks improvement refunding bonds to refund \$800,000 in waterworks improvement bonds previously issued. The bonds were issued for a nine year period with maturity beginning December 1, 2003. The bonds will be paid from the Water enterprise fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2002.

2004 Water Pollution Control Refunding Bonds

On October 15, 2004, the City issued \$353,000 in water pollution control refunding bonds to refund \$400,000 in water pollution control bonds previously issued. The bonds were issued for an eight year period with maturity beginning December 1, 2005. The bonds will be paid from the Sewer enterprise fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2004.

2005 Water System Bonds

In 2005, the City issued \$175,000 in unvoted general obligation revenue bonds for improvements to the Big Island water works building. The bonds were issued for a twenty-five year period with maturity beginning December 1, 2006. The bonds will be retired from the Water enterprise fund.

2005 Wastewater System Bonds

In 2005, the City issued \$1,815,000 in unvoted general obligation revenue bonds for improvements to the municipal wastewater system. The bonds were issued for a twenty-five year period with maturity beginning December 1, 2006. The bonds will be retired from the Sewer enterprise fund.

OWDA Loans

The City entered into agreements with the Ohio Water Development Authority for loans for water plant improvements, water treatment plant electrical improvements, ultraviolet treatment, sewer rehabilitation, flow monitors, sludge digestion system improvements, Cedar Point pump station, settling tank improvements, wastewater treatment plant expansion, and wastewater treatment plant phase II design. OWDA loans will be paid from resources of the Water and Sewer enterprise funds.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

The OWDA loans will be paid from the gross revenues of the Water and Sewer enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments are expected to require less than 100 percent of these net revenues in future years. The total principal and interest currently remaining to be paid on the OWDA loans is \$39,132,590. Principal and interest paid for the current year and net revenues were \$1,629,058 and \$2,122,669 from the Water enterprise fund and \$2,028,401 and \$1,703,469 for the Sewer enterprise fund.

The City's legal debt margin was \$29,439,444 at December 31, 2009.

The water treatment plant electrical improvements and the wastewater treatment plant phase II design projects funded by OWDA loans have not been completed. An amortization schedule for the repayment of the loans will not be available until the projects are completed and, therefore, are not included in the following schedule.

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2009, were as follows:

Year	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$739,865	\$902,917	\$353,975	\$211,274	\$82,402	\$31,735
2011	952,300	724,538	321,539	193,196	85,941	28,197
2012	1,077,301	683,408	298,539	177,832	89,631	24,507
2013	1,189,867	636,563	275,973	163,741	93,480	20,658
2014	1,259,867	584,530	270,973	150,528	97,494	16,644
2015-2019	7,089,335	2,065,902	1,018,665	581,990	318,327	24,084
2020-2024	4,304,601	608,797	765,399	358,398	0	0
2025-2028	685,000	43,528	755,000	113,326	0	0
	<u>\$17,298,136</u>	<u>\$6,250,183</u>	<u>\$4,060,063</u>	<u>\$1,950,285</u>	<u>\$767,275</u>	<u>\$145,825</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2009, from the enterprise funds were as follows:

Year	2002 Waterworks Improvement Refunding		2004 Water Pollution Control Refunding	
	Principal	Interest	Principal	Interest
2010	\$80,000	\$7,600	\$42,000	\$5,519
2011	80,000	3,800	42,000	3,777
2012	0	0	49,000	2,033
	<u>\$160,000</u>	<u>\$11,400</u>	<u>\$133,000</u>	<u>\$11,329</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Year	2005 Water System		2005 Wastewater System		OWDA Loans		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$5,000	\$6,410	\$50,000	\$67,426	\$1,336,248	\$1,365,984	\$51,201	\$19,719
2011	5,000	6,154	50,000	64,864	1,403,832	1,298,400	53,400	17,520
2012	5,000	5,897	50,000	62,301	1,474,857	1,227,374	55,693	15,227
2013	5,000	5,641	55,000	59,739	1,549,500	1,152,732	58,084	12,836
2014	5,000	5,385	55,000	56,920	1,627,946	1,074,285	60,577	10,341
2015-2019	25,000	24,330	320,000	252,085	9,463,777	4,047,381	197,798	14,966
2020-2024	45,000	18,190	405,000	184,575	10,135,134	1,440,153	0	0
2025-2029	50,000	8,330	525,000	93,795	504,460	30,527	0	0
2030	10,000	420	125,000	5,250	0	0	0	0
	<u>\$155,000</u>	<u>\$80,757</u>	<u>\$1,635,000</u>	<u>\$846,955</u>	<u>\$27,495,754</u>	<u>\$11,636,836</u>	<u>\$476,753</u>	<u>\$90,609</u>

Long-term obligations at December 31, 2009, consisted of the following issues:

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/09
General Obligation Bonds				
2001 Library	2001-2021	3.00-5.05%	\$6,340,000	\$4,445,000
2001 Police Pension	2001-2026	3.00-5.05	552,098	17,052
2001 Fire Pension	2001-2026	3.00-5.05	742,902	22,948
2001 Various Purpose	2001-2026	3.00-5.05	6,037,200	359,865
2004 Judgement Refunding	2004-2012	4.15	240,000	90,000
2005 Various Purpose	2005-2015	3.50 to 5.13	1,295,000	815,000
2005 City Complex Refunding	2005-2020	4.28	6,410,000	6,120,000
2007 Police Pension Refunding	2007-2026	4.00-4.25	445,515	445,515
2007 Fire Pension Refunding	2007-2026	4.00-4.25	599,485	599,485
2007 Various Purpose Refunding	2007-2026	4.00-4.25	4,433,271	4,383,271
			<u>27,095,471</u>	<u>17,298,136</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/09
Special Assessment Bonds				
1990 Street	1990-2010	7.40%	\$87,675	\$5,000
1995 PP McDonough Street	1995-2015	5.23	2,963	779
1995 PP Street	1995-2014	5.23	120,974	31,836
1995 PP Dutch Street	1995-2013	5.23	35,512	7,891
1995 Filmore	1995-2014	5.23	247,677	124,493
1996 Perry Street	1996-2016	5.72	40,000	14,000
1996 Perry Street - City Port	1996-2016	5.72	350,000	166,000
1998 PP Street	1998-2018	4.87	48,894	21,987
1998 PP Street	1998-2018	4.87	31,000	13,940
1998 PP Street	1998-2018	4.87	69,106	31,073
1999 Winnebago	1999-2019	5.50	81,000	44,000
1999 Wilbert	1999-2019	5.50	143,000	70,000
1999 Streetscape	1999-2019	5.50	329,000	166,000
2000 Curb, Sidewalk, and Gutter	2000-2010	6.10	254,000	26,000
2001 Remington	2001-2026	4.00	107,800	5,135
2001 PP Sidewalk	2001-2026	4.00	280,000	60,000
2002 Curb, Sidewalk, and Gutter	2002-2012	4.75	102,000	35,000
2003 Curb, Sidewalk, and Gutter	2003-2013	4.00	89,900	36,000
2004 PP St. Clair Street Refunding	2004-2012	4.15	80,000	30,600
2004 PP First Street Refunding	2004-2011	4.15	30,700	8,800
2004 PP Water Refunding	2004-2011	4.15	26,300	7,600
2005 Sidewalk	2005-2015	3.50-5.13	185,000	120,000
2006 Sidewalk	2006-2016	4.66	104,000	72,800
2007 Remington Refunding	2007-2026	4.00	66,729	66,729
2007 Seneca	2007-2027	4.00	52,000	46,800
2007 Huntington	2007-2027	4.00	147,000	137,400
2007 Sidewalk	2007-2027	4.00	91,000	75,800
2008 Sidewalk, Curb, and Gutter	2008-2018	4.00-5.00	113,000	104,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	2,366,000
2008 Monroe Street	2008-2018	4.00-5.00	87,000	80,000
2009 Monroe Street	2009-2019	4.50	84,400	84,400
			5,912,630	4,060,063

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/09
General Obligation Revenue Bonds				
Water				
2002 Waterworks Improvement Refunding	2002-2012	4.50-4.75%	\$ 720,000	\$160,000
2005 Water System	2005-2030	3.50-5.13	175,000	155,000
			<u>895,000</u>	<u>315,000</u>
Sewer				
2004 Water Pollution Control Refunding	2004-2012	4.15	353,000	133,000
2005 Wastewater System	2005-2030	3.50-5.13	1,815,000	1,635,000
			<u>2,168,000</u>	<u>1,768,000</u>
			<u>\$36,071,101</u>	<u>\$23,441,199</u>
OWDA Loans				
Water				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$7,837,632
2005 WTP Electrical Improvements	2005-2030	4.60	8,162,198	6,874,192
			<u>28,155,884</u>	<u>14,711,824</u>
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,684,433
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	279,010
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	533,982
2000 CSO Flow Monitors	2001-2026	6.39	306,536	254,038
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	985,980
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	3,289,945
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	217,068
2002 WWTP Expansion	2003-2024	4.65	26,286,934	12,413,666
2007 WWTP Phase II Design	2008-2041	4.27	6,401,951	6,323,125
			<u>42,357,734</u>	<u>25,981,247</u>
			<u>\$70,513,618</u>	<u>\$40,693,071</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 21 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2009 were \$37,843.

	Governmental Activities
Equipment	\$233,453
Less Accumulated Depreciation	(202,003)
Carrying Value, December 31, 2009	\$31,450

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009.

	Governmental Activities	
	Principal	Interest
2010	\$37,159	\$990
2011	914	4
Total	\$38,073	\$994

NOTE 22 - OPERATING LEASE

In February 1985, the City entered into an operating lease with Sandusky Bay Investment Company, Limited, whereby Sandusky Bay Investment Company, Limited leased 32.9 acres of land and water for operating and maintaining a park, parking areas, and marina. The basic lease term is for forty years, and the lessee has the option to renew for two additional ten year periods. The lessee is also required to make annual deposits of \$10,000 into a fund held by the City, which is to be used at the discretion of the lessee for routine structural repairs to the marina breakwall, restaurant, and other major repairs as may be needed from time to time. At the termination of the lease, any funds remaining in this account shall be used by the City for structural repairs and maintenance of Battery Park.

The capital assets for governmental activities include the City's investment of \$1,948,680 for land and improvements and \$91,576 for floating docks. The leaseholder's improvements are not recorded in the capital assets for governmental activities.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 22 - OPERATING LEASE (continued)

For 2009, the City received payments, in the amount of \$25,000. Future annual lease payments to be received are as follows:

Year	Annual Lease Payment	Total Lease for Period
2010-2014	\$25,000	\$125,000
2015-2024	30,000	300,000
Total minimum future rentals		\$425,000

Beginning in 2000, Sandusky Bay Investment Company, Limited is required to pay additional rents to the City if net income is reported for that year. The additional rent will be a percentage of gross income calculated at the following percentages:

	Percentage of Gross Income
2010-2014	1.0%
2015-2024	2.0

The City did not receive any additional rent in 2009.

NOTE 23 - INTERFUND TRANSFERS

During 2009, the General Fund made transfers to other governmental funds, in the amount of \$1,803,893, to subsidize various activities in other funds. The Special Assessment Bond Retirement Fund made transfers to the Capital Projects Fund, in the amount of \$84,400, to move receipts as debt payments became due and to other governmental funds, in the amount of \$3,390, to move receipts as debt payments became due. The Capital Projects Fund made transfers to other governmental funds, in the amount of \$116,466, to move receipts as debt payments became due. Other governmental funds made transfers to the Special Assessment Bond Retirement Fund and Capital Projects Fund, in the amounts of \$91,709 and \$240,734, respectively, to fund various capital activities and to other governmental funds, in the amount of \$243,560, to move receipts as debt payments became due.

The Water Fund made transfers to the Capital Projects Fund and other governmental funds, in the amount of \$8,160 and \$86,575, respectively, to pay for capital projects activities within the funds. The Sewer Fund made transfers to the Special Assessment Fund, Capital Projects Fund, and other governmental funds, in the amount of \$68,301, \$8,160, and \$13,893, respectively, to pay for capital projects activities within the funds and to move receipts as debt payments became due.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(continued)

NOTE 24 - PUBLIC ENTITY SHARED RISK POOL

The Buckeye Ohio Risk Management Agency (BORMA) is a public entity shared risk pool among several cities in Northern Ohio. BORMA was formed as an Ohio not-for-profit corporation and operates a health insurance program and a property, crime, and liability insurance program. Each member appoints one person to represent the City on the board of directors for a term of one year for participation in the health insurance program and three years for participation in the property, crime, and liability insurance program. Each member city's control over the budgeting and financing of BORMA is limited to its voting authority and any representation it may have on the board of directors.

Participation in BORMA is by written application subject to the approval of the board of directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 2009. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 2 Summit Park Drive, Suite 235, Independence, Ohio 44131.

NOTE 25 - CONTINGENT LIABILITIES

A. Litigation

The City of Sandusky is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

For the period January 1, 2009, to December 31, 2009, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. Following is a description of the City's nonmajor special revenue funds:

Street Maintenance

To account for 92.5 percent of the state-levied and state-controlled gasoline tax and motor vehicle license fees remitted to the City by state formula and the special \$5 license fee the City is permitted to impose by virtue of Ohio law. Monies are used for street maintenance and repairs.

State Highway

To account for 7.5 percent of the state-levied and state-controlled gasoline tax and motor vehicle license fees remitted to the City by state formula. Monies are used for maintenance and repairs of state highways within the City. State highways represent approximately 10 percent of the roads inside the City limits.

Public Transit

To account for monies received from the federal and state government under the Section 18 Program and from users of the public transit system. Monies are used for operations of the public transit system.

Parks and Recreational

To account for monies collected at the municipal golf course and swimming pool, plant rentals from the greenhouse, and transfers from the General Fund (primarily for the parks and greenhouse). Monies are used for operation of the parks, greenhouse, and recreational facilities.

Fire Pension

To account for monies received from property taxes and transfers from the General Fund for payment of both the current pension contribution and the long-term accounting liability.

Police Pension

To account for monies received from property taxes and transfers from the General Fund for payment of both the current pension contribution and the long-term accounting liability.

State Grants

To account for monies received from the state government under the coastal management assessment grant, community development block grant program, and the revolving loan program.

Federal Grants

To account for monies received from the federal government for Police operations, EMS operations, EPA related issues, revolving loan monies, and for the public transit system.

(continued)

**Nonmajor Special Revenue Funds
(continued)**

Indigent Drivers Alcohol

To account for monies received under Ohio Revised Code Sections 4511.191(M) and 4507.99(B)(4). This fund provides for payment of the cost for treatment, at a certified alcohol and drug addiction program, of a person convicted of a violation of Ohio Revised Code Section 4511.19 or a similar municipal ordinance.

Enforcement and Education

To account for monies received under Ohio Revised Code Section 4511.99. This fund is used by the police department to pay the costs it incurs in enforcing Ohio Revised Code Section 4511.19 or a similar municipal ordinance and in educating the public on laws governing the operation of a motor vehicle while under the influence of alcohol.

Court Computerization

To account for fines collected by the municipal court under Ohio Revised Code Section 1901.26. This fund is used for computerization of the clerk of court's office.

Indigent Telephone

To account for monies received under Ohio Revised Code Section 2929.23. This fund provides for payment of the costs of providing house detention for eligible indigent offenders.

Municipal Probation

To account for monies received under Ohio Revised Code Section 737.41. This fund provides for payment of the costs of the municipal probation department.

General Trust

To account for contraband forfeitures, grant monies for the Sandusky/Erie County Foundation K-9 Program, and various monies donated to the City.

Park Donations

To account for donations from the Fred G. Epple Estate.

Cemetery Donations

To account for charges for burials and donations.

Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of long-term obligation principal, interest, and related costs.

General Bond Retirement

To account for resources that are used for the payment of principal, interest, and fiscal charges on general obligation debt.

(continued)

**Nonmajor Debt Service Funds
(continued)**

Urban Renewal Debt Retirement Fund

To account for tax increment financing monies that are used for the payment of principal, interest, and fiscal charges on urban renewal debt.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by the enterprise funds.)

Capital Improvement

To account for tax revenues used for capital improvements.

Redevelopment Tax Increment

To account for payments collected in lieu of taxes for the Battery Park Marina.

Various Improvement

To account for the construction of improvements or provision of services which are to be paid for, wholly or in part, from special assessments levied against the benefited property owners.

City of Sandusky
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,372,395	\$720,967	\$156,994	\$4,250,356
Accounts Receivable	0	0	816,931	816,931
Accrued Interest Receivable	1,774	0	0	1,774
Due from Other Governments	660,060	26,298	0	686,358
Municipal Income Taxes Receivable	0	103,574	92,979	196,553
Other Local Taxes Receivable	32,510	0	0	32,510
Materials and Supplies Inventory	91,854	0	0	91,854
Property Taxes Receivable	303,442	377,106	0	680,548
Payment in Lieu of Taxes Receivable	354	480,792	25,623	506,769
Notes Receivable	2,580,406	0	0	2,580,406
Total Assets	\$7,042,795	\$1,708,737	\$1,092,527	\$9,844,059
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$20,147	\$0	\$1,442	\$21,589
Accounts Payable	262,009	0	6,969	268,978
Contracts Payable	14,946	0	0	14,946
Interfund Payable	0	0	22,980	22,980
Due to Other Governments	391,484	0	8,087	399,571
Matured Compensated Absences Payable	11,275	0	0	11,275
Retainage Payable	21,260	0	0	21,260
Deferred Revenue	784,120	965,281	907,422	2,656,823
Total Liabilities	1,505,241	965,281	946,900	3,417,422
<u>Fund Balance</u>				
Reserved for Encumbrances	465,463	0	0	465,463
Reserved for Notes Receivable	2,259,561	0	0	2,259,561
Unreserved, Reported in				
Special Revenue Funds	2,812,530	0	0	2,812,530
Debt Service Funds	0	743,456	0	743,456
Capital Projects Funds	0	0	145,627	145,627
Total Fund Balance	5,537,554	743,456	145,627	6,426,637
Total Liabilities and Fund Balance	\$7,042,795	\$1,708,737	\$1,092,527	\$9,844,059

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2009

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$49,983	\$17,194	\$153,258	\$796	\$0
Accrued Interest Receivable	0	0	0	0	0
Due from Other Governments	455,759	36,948	19,371	0	10,760
Other Local Taxes Receivable	32,510	0	0	0	0
Materials and Supplies Inventory	91,719	0	0	0	0
Property Taxes Receivable	0	0	0	0	151,721
Payment in Lieu of Taxes Receivable	0	0	0	0	177
Notes Receivable	0	0	0	0	0
Total Assets	\$629,971	\$54,142	\$172,629	\$796	\$162,658
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$14,083	\$0	\$2,726	\$1,160	\$0
Accounts Payable	14,816	0	82,331	1,310	0
Contracts Payable	0	0	0	0	0
Due to Other Governments	25,448	875	3,048	8,525	199,820
Matured Compensated Absenses Payable	11,275	0	0	0	0
Retainage Payable	0	0	0	0	0
Deferred Revenue	393,601	31,914	9,954	0	162,658
Total Liabilities	459,223	32,789	98,059	10,995	362,478
<u>Fund Balance</u>					
Reserved for Encumbrances	1,564	0	395	503	0
Reserved for Notes Receivable	0	0	0	0	0
Unreserved (Deficit)	169,184	21,353	74,175	(10,702)	(199,820)
Total Fund Balance (Deficit)	170,748	21,353	74,570	(10,199)	(199,820)
Total Liabilities and Fund Balance	\$629,971	\$54,142	\$172,629	\$796	\$162,658

Police Pension	State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone
\$0	\$300,310	\$1,058,726	\$189,991	\$26,420	\$124,923	\$30,333
0	0	308	0	0	0	0
10,760	32,274	83,105	8,668	802	1,613	0
0	0	0	0	0	0	0
0	0	82	0	0	0	0
151,721	0	0	0	0	0	0
177	0	0	0	0	0	0
0	2,504,249	76,157	0	0	0	0
<u>\$162,658</u>	<u>\$2,836,833</u>	<u>\$1,218,378</u>	<u>\$198,659</u>	<u>\$27,222</u>	<u>\$126,536</u>	<u>\$30,333</u>
\$0	\$0	\$2,178	\$0	\$0	\$0	\$0
0	398	162,834	0	0	0	0
0	0	14,946	0	0	0	0
133,697	1,411	17,408	0	0	8	0
0	0	0	0	0	0	0
0	0	21,260	0	0	0	0
162,658	16,137	308	6,890	0	0	0
<u>296,355</u>	<u>17,946</u>	<u>218,934</u>	<u>6,890</u>	<u>0</u>	<u>8</u>	<u>0</u>
0	47,497	414,716	0	0	0	0
0	2,185,279	74,282	0	0	0	0
(133,697)	586,111	510,446	191,769	27,222	126,528	30,333
<u>(133,697)</u>	<u>2,818,887</u>	<u>999,444</u>	<u>191,769</u>	<u>27,222</u>	<u>126,528</u>	<u>30,333</u>
<u>\$162,658</u>	<u>\$2,836,833</u>	<u>\$1,218,378</u>	<u>\$198,659</u>	<u>\$27,222</u>	<u>\$126,536</u>	<u>\$30,333</u>

(continued)

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2009
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$206,933	\$152,696	\$176,683	\$884,149	\$3,372,395
Accrued Interest Receivable	0	0	0	1,466	1,774
Due from Other Governments	0	0	0	0	660,060
Other Local Taxes Receivable	0	0	0	0	32,510
Materials and Supplies Inventory	0	0	0	53	91,854
Property Taxes Receivable	0	0	0	0	303,442
Payment in Lieu of Taxes Receivable	0	0	0	0	354
Notes Receivable	0	0	0	0	2,580,406
Total Assets	\$206,933	\$152,696	\$176,683	\$885,668	\$7,042,795
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$0	\$0	\$0	\$0	\$20,147
Accounts Payable	320	0	0	0	262,009
Contracts Payable	0	0	0	0	14,946
Due to Other Governments	961	0	0	283	391,484
Matured Compensated Absenses Payable	0	0	0	0	11,275
Retainage Payable	0	0	0	0	21,260
Deferred Revenue	0	0	0	0	784,120
Total Liabilities	1,281	0	0	283	1,505,241
<u>Fund Balance</u>					
Reserved for Encumbrances	0	318	0	470	465,463
Reserved for Notes Receivable	0	0	0	0	2,259,561
Unreserved (Deficit)	205,652	152,378	176,683	884,915	2,812,530
Total Fund Balance (Deficit)	205,652	152,696	176,683	885,385	5,537,554
Total Liabilities and Fund Balance	\$206,933	\$152,696	\$176,683	\$885,668	\$7,042,795

City of Sandusky
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2009

	General Bond Retirement	Urban Renewal Debt Retirement	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$150,806	\$570,161	\$720,967
Due from Other Governments	26,298	0	26,298
Municipal Income Taxes Receivable	103,574	0	103,574
Property Taxes Receivable	377,106	0	377,106
Payment in Lieu of Taxes Receivable	568	480,224	480,792
	<u>658,352</u>	<u>1,050,385</u>	<u>1,708,737</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Deferred Revenue	\$485,057	\$480,224	\$965,281
<u>Fund Balance</u>			
Unreserved	<u>173,295</u>	<u>570,161</u>	<u>743,456</u>
Total Liabilities and Fund Balance	<u>658,352</u>	<u>1,050,385</u>	<u>1,708,737</u>

City of Sandusky
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2009

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$10,332	\$115,472	\$31,190	\$156,994
Accounts Receivable	0	0	816,931	816,931
Municipal Income Taxes Receivable	92,979	0	0	92,979
Payment in Lieu of Taxes Receivable	0	25,623	0	25,623
Total Assets	<u>\$103,311</u>	<u>\$141,095</u>	<u>\$848,121</u>	<u>\$1,092,527</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$0	\$0	\$1,442	\$1,442
Accounts Payable	0	6,800	169	6,969
Interfund Payable	0	0	22,980	22,980
Due to Other Governments	0	5,000	3,087	8,087
Deferred Revenue	64,868	25,623	816,931	907,422
Total Liabilities	64,868	37,423	844,609	946,900
<u>Fund Balance</u>				
Unreserved	<u>38,443</u>	<u>103,672</u>	<u>3,512</u>	<u>145,627</u>
Total Liabilities and Fund Balance	<u>\$103,311</u>	<u>\$141,095</u>	<u>\$848,121</u>	<u>\$1,092,527</u>

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$263,133	\$432,449	\$0	\$695,582
Payment in Lieu of Taxes	357	480,817	25,703	506,877
Municipal Income Taxes	0	404,839	323,185	728,024
Other Local Taxes	419,081	0	0	419,081
Special Assessments	0	0	34,030	34,030
Charges for Services	604,643	0	37,863	642,506
Fees, Licenses, and Permits	107,000	0	116,561	223,561
Fines and Forfeitures	80,473	0	0	80,473
Intergovernmental	3,478,925	109,518	0	3,588,443
Interest	41,342	0	5,293	46,635
Other	83,404	0	2,445	85,849
Total Revenues	5,078,358	1,427,623	545,080	7,051,061
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	635,193	0	0	635,193
Fire	783,263	0	0	783,263
Public Health	27,550	0	0	27,550
Leisure Time Activities	372,325	0	0	372,325
Community Environment	3,233,109	0	150,750	3,383,859
Transportation	2,549,138	0	7,437	2,556,575
General Government				
Municipal Court	771	0	0	771
Other	112,205	0	0	112,205
Capital Outlay	0	0	73,977	73,977
Debt Service:				
Principal Retirement	53,520	629,865	0	683,385
Interest and Fiscal Charges	51,635	887,106	15,694	954,435
Total Expenditures	7,818,709	1,516,971	247,858	9,583,538
Excess of Revenues Over (Under) Expenditures	(2,740,351)	(89,348)	297,222	(2,532,477)
<u>Other Financing Sources (Uses)</u>				
Transfers In	1,278,202	670,649	318,926	2,267,777
Transfers Out	(217,191)	0	(358,812)	(576,003)
Total Other Financing Sources (Uses)	1,061,011	670,649	(39,886)	1,691,774
Changes in Fund Balance	(1,679,340)	581,301	257,336	(840,703)
Fund Balance Beginning of Year	7,216,894	162,155	(111,709)	7,267,340
Fund Balance End of Year	\$5,537,554	\$743,456	\$145,627	\$6,426,637

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2009

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$131,566
Payment in Lieu of Taxes	0	0	0	0	179
Other Local Taxes	419,081	0	0	0	0
Charges for Services	0	0	351,280	225,028	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	899,186	72,908	248,197	0	35,781
Interest	533	62	0	0	0
Other	5,532	97	334	28,870	0
Total Revenues	1,324,332	73,067	599,811	253,898	167,526
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Fire	0	0	0	0	777,912
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	363,535	0
Community Environment	0	0	0	0	0
Transportation	1,284,705	87,690	577,928	0	0
General Government					
Municipal Court	0	0	0	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	13,520	0	0	0	22,947
Interest and Fiscal Charges	7,627	0	0	0	25,246
Total Expenditures	1,305,852	87,690	577,928	363,535	826,105
Excess of Revenues Over (Under) Expenditures	18,480	(14,623)	21,883	(109,637)	(658,579)
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	0	0	108,254	689,318
Transfers Out	(98,686)	0	0	0	0
Total Other Financing Sources (Uses)	(98,686)	0	0	108,254	689,318
Changes in Fund Balance	(80,206)	(14,623)	21,883	(1,383)	30,739
Fund Balance (Deficit) Beginning of Year	250,954	35,976	52,687	(8,816)	(230,559)
Fund Balance (Deficit) End of Year	\$170,748	\$21,353	\$74,570	(\$10,199)	(\$199,820)

Police Pension	State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone
\$131,567	\$0	\$0	\$0	\$0	\$0	\$0
178	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	25,730	0	0	0
0	0	0	0	11,934	36,323	0
35,781	130,595	2,030,892	15,957	0	0	0
0	27,510	9,331	0	0	0	0
0	59	514	0	0	0	0
<u>167,526</u>	<u>158,164</u>	<u>2,040,737</u>	<u>41,687</u>	<u>11,934</u>	<u>36,323</u>	<u>0</u>
591,141	0	1,174	0	0	0	0
0	0	4,357	0	0	0	0
0	0	0	0	0	0	0
0	5,867	0	0	0	0	0
0	952,924	2,268,114	0	0	0	0
0	0	598,815	0	0	0	0
0	771	0	0	0	0	0
0	0	0	25,058	0	32,359	4,548
17,053	0	0	0	0	0	0
18,762	0	0	0	0	0	0
<u>626,956</u>	<u>959,562</u>	<u>2,872,460</u>	<u>25,058</u>	<u>0</u>	<u>32,359</u>	<u>4,548</u>
<u>(459,430)</u>	<u>(801,398)</u>	<u>(831,723)</u>	<u>16,629</u>	<u>11,934</u>	<u>3,964</u>	<u>(4,548)</u>
480,630	0	0	0	0	0	0
0	0	(118,505)	0	0	0	0
<u>480,630</u>	<u>0</u>	<u>(118,505)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
21,200	(801,398)	(950,228)	16,629	11,934	3,964	(4,548)
<u>(154,897)</u>	<u>3,620,285</u>	<u>1,949,672</u>	<u>175,140</u>	<u>15,288</u>	<u>122,564</u>	<u>34,881</u>
<u>(\$133,697)</u>	<u>\$2,818,887</u>	<u>\$999,444</u>	<u>\$191,769</u>	<u>\$27,222</u>	<u>\$126,528</u>	<u>\$30,333</u>

(continued)

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2009
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$263,133
Payment in Lieu of Taxes	0	0	0	0	357
Other Local Taxes	0	0	0	0	419,081
Charges for Services	0	0	7,670	20,665	604,643
Fees, Licenses, and Permits	81,270	0	0	0	107,000
Fines and Forfeitures	0	32,216	0	0	80,473
Intergovernmental	0	9,628	0	0	3,478,925
Interest	0	0	314	3,592	41,342
Other	75	27,743	3,079	17,101	83,404
Total Revenues	81,345	69,587	11,063	41,358	5,078,358
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	42,878	0	0	635,193
Fire	0	994	0	0	783,263
Public Health	0	0	0	27,550	27,550
Leisure Time Activities	0	2,923	0	0	372,325
Community Environment	0	12,071	0	0	3,233,109
Transportation	0	0	0	0	2,549,138
General Government					
Municipal Court	0	0	0	0	771
Other	50,240	0	0	0	112,205
Debt Service:					
Principal Retirement	0	0	0	0	53,520
Interest and Fiscal Charges	0	0	0	0	51,635
Total Expenditures	50,240	58,866	0	27,550	7,818,709
Excess of Revenues Over (Under) Expenditures	31,105	10,721	11,063	13,808	(2,740,351)
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	0	0	0	1,278,202
Transfers Out	0	0	0	0	(217,191)
Total Other Financing Sources (Uses)	0	0	0	0	1,061,011
Changes in Fund Balance	31,105	10,721	11,063	13,808	(1,679,340)
Fund Balance (Deficit) Beginning of Year	174,547	141,975	165,620	871,577	7,216,894
Fund Balance (Deficit) End of Year	<u>\$205,652</u>	<u>\$152,696</u>	<u>\$176,683</u>	<u>\$885,385</u>	<u>\$5,537,554</u>

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2009

	General Bond Retirement	Urban Renewal Debt Retirement	Total
<u>Revenues</u>			
Property Taxes	\$432,449	\$0	\$432,449
Payment in Lieu of Taxes	593	480,224	480,817
Municipal Income Taxes	404,839	0	404,839
Intergovernmental	53,259	56,259	109,518
	<hr/>	<hr/>	<hr/>
Total Revenues	891,140	536,483	1,427,623
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	629,865	0	629,865
Interest and Fiscal Charges	887,106	0	887,106
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,516,971	0	1,516,971
Excess of Revenues Over (Under) Expenditures	(625,831)	536,483	(89,348)
<u>Other Financing Sources</u>			
Transfers In	636,971	33,678	670,649
	<hr/>	<hr/>	<hr/>
Changes in Fund Balance	11,140	570,161	581,301
Fund Balance Beginning of Year	162,155	0	162,155
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$173,295</u>	<u>\$570,161</u>	<u>\$743,456</u>

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2009

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Revenues</u>				
Payment in Lieu of Taxes	\$0	\$25,703	\$0	\$25,703
Municipal Income Taxes	323,185	0	0	323,185
Special Assessments	0	0	34,030	34,030
Charges for Services	0	0	37,863	37,863
Fees, Licenses, and Permits	0	0	116,561	116,561
Interest	0	0	5,293	5,293
Other	0	1,995	450	2,445
Total Revenues	323,185	27,698	194,197	545,080
<u>Expenditures</u>				
Current:				
Community Environment	0	19,795	130,955	150,750
Transportation	0	0	7,437	7,437
Capital Outlay	0	0	73,977	73,977
Debt Service:				
Interest and Fiscal Charges	0	0	15,694	15,694
Total Expenditures	0	19,795	228,063	247,858
Excess of Revenues Over (Under) Expenditures	323,185	7,903	(33,866)	297,222
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	318,926	318,926
Transfers Out	(325,134)	(33,678)	0	(358,812)
Total Other Financing Sources (Uses)	(325,134)	(33,678)	318,926	(39,886)
Changes in Fund Balance	(1,949)	(25,775)	285,060	257,336
Fund Balance (Deficit) Beginning of Year	40,392	129,447	(281,548)	(111,709)
Fund Balance End of Year	\$38,443	\$103,672	\$3,512	\$145,627

City of Sandusky
Combining Statements - Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds

State Patrol Transfer

To account for monies deposited with the municipal court pending disposition to the Erie County Law Library and other municipalities.

Guaranteed Deposits

To account for monies deposited by contractors to guarantee the satisfactory completion of a job or project. These monies are returned to the depositor or used to pay any charges after the job or project has been accepted by the engineering department.

Sandusky Municipal Court

To account for bonds and other monies deposited with the municipal court pending final disposition of the various cases and payment to third parties, excluding the City.

BSF Assessment

To account for monies received and distributed pursuant to Ohio Revised Code Sections 3781.102 and 5705.09(F) regarding the building standards fee assessment.

Fire Escrow

To account for insurance proceeds in which a fire occurred under Ohio Revised Code Section 3929.86, divisions (C) and (D). These proceeds are released to the insured after removal or repair of the structure and an inspection by the Fire Chief.

Payroll

To account for monies used for bi-weekly payroll.

Employee Series E Bonds

To account for monies deposited from payroll deductions for the purchase of Series E Bonds for individuals as requested.

Police Temporary Deposit

To account for monies for which the police department has temporary custody due to drug law enforcement or contraband. This money is held on deposit until the court requests the funds.

Section 125 Plan

To account for monies deposited from payroll deductions for medical bills and childcare for individuals.

City of Sandusky
 Combining Statement of Assets and Liabilities
 Agency Funds
 December 31, 2009

	State Patrol Transfer	Guaranteed Deposits	Sandusky Municipal Court	BSF Assessment
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,899	\$36,156	\$99,703	\$1,801
<u>Liabilities</u>				
Due to Other Governments	\$0	\$0	\$0	\$0
Undistributed Assets	5,899	36,156	99,703	1,801
Total Liabilities	\$5,899	\$36,156	\$99,703	\$1,801

<u>Fire Escrow</u>	<u>Payroll</u>	<u>Employee Series E Bonds</u>	<u>Police Temporary Deposit</u>	<u>Section 125 Plan</u>	<u>Total</u>
<u>\$7,860</u>	<u>\$100,420</u>	<u>\$325</u>	<u>\$1,979</u>	<u>\$8,109</u>	<u>\$262,252</u>
\$0	\$100,420	\$0	\$0	\$0	\$100,420
<u>7,860</u>	<u>0</u>	<u>325</u>	<u>1,979</u>	<u>8,109</u>	<u>161,832</u>
<u>\$7,860</u>	<u>\$100,420</u>	<u>\$325</u>	<u>\$1,979</u>	<u>\$8,109</u>	<u>\$262,252</u>

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2009

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
<u>State Patrol Transfer</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,899	\$0	\$0	\$5,899
<u>Liabilities</u>				
Undistributed Assets	\$5,899	\$0	\$0	\$5,899
<u>Guaranteed Deposits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$26,072	\$10,084	\$0	\$36,156
<u>Liabilities</u>				
Undistributed Assets	\$26,072	\$10,084	\$0	\$36,156
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$142,602	\$2,609,626	\$2,652,525	\$99,703
<u>Liabilities</u>				
Undistributed Assets	\$142,602	\$2,609,626	\$2,652,525	\$99,703
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$772	\$4,065	\$3,036	\$1,801
<u>Liabilities</u>				
Undistributed Assets	\$772	\$4,065	\$3,036	\$1,801
<u>Fire Escrow</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$12,537	\$1,360	\$6,037	\$7,860
<u>Liabilities</u>				
Undistributed Assets	\$12,537	\$1,360	\$6,037	\$7,860
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$55,531	\$100,420	\$55,531	\$100,420
<u>Liabilities</u>				
Due to Other Governments	\$55,531	\$100,420	\$55,531	\$100,420
<u>Employee Series E Bonds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$350	\$2,175	\$2,200	\$325
<u>Liabilities</u>				
Undistributed Assets	\$350	\$2,175	\$2,200	\$325

(continued)

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2009
(continued)

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,976	\$20,119	\$20,116	\$1,979
<u>Liabilities</u>				
Undistributed Assets	\$1,976	\$20,119	\$20,116	\$1,979
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$7,582	\$34,243	\$33,716	\$8,109
<u>Liabilities</u>				
Undistributed Assets	\$7,582	\$34,243	\$33,716	\$8,109
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$253,321	\$2,782,092	\$2,773,161	\$262,252
<u>Liabilities</u>				
Due to Other Governments	\$55,531	\$100,420	\$55,531	\$100,420
Undistributed Assets	197,790	2,681,672	2,717,630	161,832
Total Liabilities	\$253,321	\$2,782,092	\$2,773,161	\$262,252



**INDIVIDUAL FUND SCHEDULES
OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,795,822	\$1,795,822	\$1,600,739	(\$195,083)
Payment in Lieu of Taxes	2,164	2,164	2,164	0
Municipal Income Taxes	6,642,613	6,642,613	6,334,752	(307,861)
Other Local Taxes	3,737,781	3,737,781	3,524,858	(212,923)
Charges for Services	379,674	379,674	404,137	24,463
Fees, Licenses, and Permits	482,025	482,025	490,961	8,936
Fines and Forfeitures	1,105,592	1,105,592	1,117,256	11,664
Intergovernmental	1,626,222	1,626,222	1,955,952	329,730
Interest	800,000	800,000	800,946	946
Other	275,000	275,000	278,892	3,892
Total Revenues	16,846,893	16,846,893	16,510,657	(336,236)
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	3,497,445	3,452,445	3,450,268	2,177
Other	320,366	274,366	220,114	54,252
Total Police Patrol	3,817,811	3,726,811	3,670,382	56,429
Police Records				
Personal Services	810,548	720,548	711,291	9,257
Other	51,706	44,706	39,038	5,668
Total Police Records	862,254	765,254	750,329	14,925
Police Reserve				
Personal Services	74,615	1,615	798	817
Other	2,000	2,000	0	2,000
Total Police Reserve	76,615	3,615	798	2,817
Police Marine Patrol				
Personal Services	0	1,000	770	230
Other	0	4,000	3,016	984
Total Police Marine Patrol	0	5,000	3,786	1,214
Police Detectives				
Personal Services	634,236	614,236	611,384	2,852
Other	13,580	13,580	7,291	6,289
Total Police Detectives	647,816	627,816	618,675	9,141
Total Security of Persons and Property-Police	5,404,496	5,128,496	5,043,970	84,526
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	4,449,263	4,249,263	4,227,489	21,774
Other	451,702	391,702	346,116	45,586
Total Security of Persons and Property-Fire	4,900,965	4,640,965	4,573,605	67,360
Security of Persons and Property-Other				
Street Lighting				
Other	215,000	275,000	269,380	5,620
Public Health				
Oakland Cemetery				
Personal Services	225,246	237,246	231,323	5,923
Other	32,459	38,459	36,565	1,894
Total Public Health	257,705	275,705	267,888	7,817

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Community Environment				
Community Development Planning				
Personal Services	\$312,366	\$182,366	\$166,076	\$16,290
Other	46,550	31,550	26,748	4,802
Total Community Development Planning	358,916	213,916	192,824	21,092
City Wide Economic Development				
Personal Services	90,806	90,806	87,439	3,367
Other	33,500	33,500	30,031	3,469
Total City Wide Economic Development	124,306	124,306	117,470	6,836
Community Development Building Division				
Personal Services	257,761	242,761	241,182	1,579
Other	17,771	12,772	9,024	3,748
Total Community Development Building Division	275,532	255,533	250,206	5,327
Horticulture Services				
Personal Services	655,329	645,329	640,448	4,881
Other	141,528	154,528	150,099	4,429
Total Horticulture Services	796,857	799,857	790,547	9,310
Total Community Environment	1,555,611	1,393,612	1,351,047	42,565
Transportation				
Jackson Street Pier				
Other	1,150	1,150	570	580
General Government-Municipal Court				
Court-Criminal				
Personal Services	846,770	866,770	863,425	3,345
Other	53,500	83,500	79,259	4,241
Total General Government-Municipal Court	900,270	950,270	942,684	7,586
General Government-Other				
City Manager				
Personal Services	122,938	122,938	115,244	7,694
Other	17,460	17,460	13,714	3,746
Total City Manager	140,398	140,398	128,958	11,440
Strategic Planning				
Other	5,000	5,000	1,500	3,500
Personnel Labor Relations				
Personal Services	124,838	109,838	103,980	5,858
Other	32,088	39,088	37,495	1,593
Total Personnel Labor Relations	156,926	148,926	141,475	7,451
Finance				
Personal Services	146,456	150,456	145,440	5,016
Other	14,900	10,900	9,066	1,834
Total Finance	161,356	161,356	154,506	6,850
Income Tax				
Personal Services	53,681	54,681	53,434	1,247
Other	262,290	280,290	279,644	646
Total Income Tax	315,971	334,971	333,078	1,893

(continued)

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Data Processing				
Personal Services	\$88,853	\$93,853	\$90,075	\$3,778
Other	22,310	27,310	25,435	1,875
Total Data Processing	111,163	121,163	115,510	5,653
Law Director				
Personal Services	268,978	263,978	262,337	1,641
Other	30,386	22,386	17,466	4,920
Total Law Director	299,364	286,364	279,803	6,561
City Commission				
Personal Services	26,609	28,609	26,437	2,172
Other	9,100	11,100	8,886	2,214
Total City Commission	35,709	39,709	35,323	4,386
City Commission Clerk				
Personal Services	81,001	90,001	89,947	54
Other	4,385	4,385	675	3,710
Total City Commission Clerk	85,386	94,386	90,622	3,764
Municipal Buildings and Lands				
Personal Services	330,741	335,741	329,411	6,330
Other	262,458	253,458	226,181	27,277
Total Municipal Buildings and Lands	593,199	589,199	555,592	33,607
Engineering				
Personal Services	304,569	264,552	257,844	6,708
Other	37,159	52,176	44,893	7,283
Total Engineering	341,728	316,728	302,737	13,991
Mechanic				
Personal Services	222,375	217,375	206,768	10,607
Other	67,117	102,117	84,070	18,047
Total Mechanic	289,492	319,492	290,838	28,654
Unclaimed Funds				
Other	0	600	552	48
Administrative Support				
Other	579,097	879,097	850,692	28,405
Total General Government-Other	3,114,789	3,437,389	3,281,186	156,203
Debt Service:				
Principal Retirement	48,750	48,750	48,750	0
Interest and Fiscal Charges	27,501	27,501	27,501	0
Total Debt Service	76,251	76,251	76,251	0
Total Expenditures	16,426,237	16,178,838	15,806,581	372,257
Excess of Revenues Over Expenditures	420,656	668,055	704,076	36,021

(continued)

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	\$93,730	\$93,730	\$222,142	\$128,412
Sale of Capital Assets	0	0	3,100	3,100
Advances In	3,390	3,390	3,390	0
Transfers Out	(1,509,885)	(1,859,885)	(1,803,893)	55,992
Total Other Financing Sources (Uses)	(1,412,765)	(1,762,765)	(1,575,261)	187,504
Changes in Fund Balance	(992,109)	(1,094,710)	(871,185)	223,525
Fund Balance Beginning of Year	3,713,547	3,713,547	3,713,547	0
Prior Year Encumbrances Appropriated	34,308	34,308	34,308	0
Fund Balance End of Year	<u>\$2,755,746</u>	<u>\$2,653,145</u>	<u>\$2,876,670</u>	<u>\$223,525</u>

City of Sandusky
Special Assessment Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Special Assessments	\$329,738	\$329,564	(\$174)
Other	1,989	1,989	0
Total Revenues	<u>331,727</u>	<u>331,553</u>	<u>(174)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	299,035	299,030	5
Interest and Fiscal Charges	226,780	226,611	169
Total Expenditures	<u>525,815</u>	<u>525,641</u>	<u>174</u>
Excess of Revenues Under Expenditures	<u>(194,088)</u>	<u>(194,088)</u>	<u>0</u>
<u>Other Financing Sources (Uses)</u>			
Advances Out	(3,390)	(3,390)	0
Transfers In	91,709	91,709	0
Total Other Financing Sources (Uses)	<u>88,319</u>	<u>88,319</u>	<u>0</u>
Changes in Fund Balance	(105,769)	(105,769)	0
Fund Balance Beginning of Year	<u>105,769</u>	<u>105,769</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Sandusky
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$815,000	\$530,582	(\$284,418)
Fees, Licenses, and Permits	0	153,238	153,238
Intergovernmental	1,345,000	679,928	(665,072)
Other	0	7,375	7,375
Total Revenues	2,160,000	1,371,123	(788,877)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
EMS			
Personal Services	2,000	960	1,040
Other	106,567	98,701	7,866
Total Security of Persons and Property-Fire	108,567	99,661	8,906
Leisure Time Activities			
Pedestrian/Bike Path Phase I			
Other	3,500	3,154	346
Total Leisure Time Activities	3,500	3,154	346
Community Environment			
Paint Program			
Other	1,100	1,075	25
Keller Building			
Other	8,000	6,627	1,373
Sandusky Cabinets			
Other	2,000	1,792	208
Clean Ohio Phase I			
Other	410	410	0
Total Community Environment	11,510	9,904	1,606
Transportation			
Hayes Avenue Underpass			
Personal Services	30,000	17,797	12,203
Other	19,666	16,770	2,896
Total Hayes Avenue Underpass	49,666	34,567	15,099
Hayes Avenue Resurfacing			
Personal Services	200	143	57
Other	218	218	0
Total Hayes Avenue Resurfacing	418	361	57
Camp Street Underpass			
Personal Services	99	99	0
Sanford/Tiffin Sidewalk/Handicap Ramp			
Personal Services	400	0	400

(continued)

City of Sandusky
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Budget	Actual	Variance Over (Under)
Paper District Waterfront Improvement Phase I			
Personal Services	\$8,000	\$7,073	\$927
Other	153,208	153,017	191
Total Paper District Waterfront Improvement Phase I	161,208	160,090	1,118
Mills Street Reconstruction			
Personal Services	62,000	61,761	239
Other	12,452	12,329	123
Total Mills Street Reconstruction	74,452	74,090	362
Total Transportation	286,243	269,207	17,036
General Government-Municipal Court			
Municipal Court			
Personal Services	2,000	1,645	355
Other	3,000	0	3,000
Total General Government-Municipal Court	5,000	1,645	3,355
General Government-Other			
City Hall Relocation			
Other	1,566	1,566	0
Paper District Gradel Application			
Other	14,000	14,000	0
Paper District Gradel			
Other	12,250	11,952	298
Total General Government-Other	27,816	27,518	298
Capital Outlay	5,641,889	4,162,870	1,479,019
Debt Service:			
Principal Retirement	6,455,000	6,455,000	0
Interest and Fiscal Charges	274,997	274,338	659
Total Debt Service	6,729,997	6,729,338	659
Total Expenditures	12,814,522	11,303,297	1,511,225
Excess of Revenues Under Expenditures	(10,654,522)	(9,932,174)	722,348
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	389,000	388,695	(305)
Bond Anticipation Notes Issued	5,095,000	4,900,000	(195,000)
Sale of Capital Assets	28,000	27,706	(294)
Transfers In	327,000	325,134	(1,866)
Transfers Out	(116,466)	(116,466)	0
Total Other Financing Sources (Uses)	5,722,534	5,525,069	(197,465)

(continued)

City of Sandusky
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Changes in Fund Balance	(\$4,931,988)	(\$4,407,105)	\$524,883
Fund Balance Beginning of Year	4,912,917	4,912,917	0
Prior Year Encumbrances Appropriated	<u>280,189</u>	<u>280,189</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$261,118</u></u>	<u><u>\$786,001</u></u>	<u><u>\$524,883</u></u>

City of Sandusky
Water Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,234,800	\$5,300,180	\$65,380
OWDA Loan Proceeds	0	5,963	5,963
Interest	0	517	517
Other	5,200	16,552	11,352
Total Revenues	5,240,000	5,323,212	83,212
<u>Expenses</u>			
<u>Personal Services</u>			
Water Office	88,254	86,402	1,852
Waterworks Filtration	1,011,598	968,021	43,577
Waterworks Distribution	650,956	603,592	47,364
Administrative Support	534,422	515,451	18,971
Total Personal Services	2,285,230	2,173,466	111,764
<u>Travel and Transportation</u>			
Water Office	175	40	135
Waterworks Filtration	13,455	6,900	6,555
Waterworks Distribution	5,230	1,246	3,984
Administrative Support	6,546	2,945	3,601
Total Travel and Transportation	25,406	11,131	14,275
<u>Contractual Services</u>			
Water Office	21,776	21,580	196
Waterworks Filtration	472,819	464,701	8,118
Waterworks Distribution	48,624	27,126	21,498
Administrative Support	171,436	168,878	2,558
Total Contractual Services	714,655	682,285	32,370
<u>Materials and Supplies</u>			
Water Office	5,349	1,187	4,162
Waterworks Filtration	648,882	544,046	104,836
Waterworks Distribution	142,967	133,621	9,346
Administrative Support	9,258	8,969	289
Total Materials and Supplies	806,456	687,823	118,633
<u>Other</u>			
Water Office	39	39	0
Other	2,732	1,220	1,512
Total Other	2,771	1,259	1,512
<u>Capital Outlay</u>			
Waterworks Filtration	1,343,500	1,338,600	4,900
Waterworks Distribution	2,949,970	2,931,575	18,395
Administrative Support	8,152	8,152	0
Total Capital Outlay	4,301,622	4,278,327	23,295

(continued)

City of Sandusky
Water Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Budget	Actual	Variance Over (Under)
Debt Service:			
Principal Retirement	\$857,377	\$857,377	\$0
Interest Expense	919,519	919,519	0
Total Debt Service	<u>1,776,896</u>	<u>1,776,896</u>	<u>0</u>
Total Expenses	<u>9,913,036</u>	<u>9,611,187</u>	<u>301,849</u>
Excess of Revenues Under Expenses	(4,673,036)	(4,287,975)	385,061
Transfers Out	<u>(100,000)</u>	<u>(86,575)</u>	<u>13,425</u>
Changes in Fund Balance	(4,773,036)	(4,374,550)	398,486
Fund Balance Beginning of Year	8,531,402	8,531,402	0
Prior Year Encumbrances Appropriated	<u>3,201,094</u>	<u>3,201,094</u>	<u>0</u>
Fund Balance End of Year	<u>\$6,959,460</u>	<u>\$7,357,946</u>	<u>\$398,486</u>

City of Sandusky
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,171,000	\$5,794,670	(\$376,330)
OWDA Loan Proceeds	5,826,000	5,566,214	(259,786)
Interest	0	569	569
Other	191,000	234,513	43,513
Total Revenues	12,188,000	11,595,966	(592,034)
<u>Expenses</u>			
<u>Personal Services</u>			
Sewer Office	88,254	86,402	1,852
Water Pollution Control	1,383,987	1,353,513	30,474
Sewer Maintenance	741,342	705,427	35,915
Administrative Support	534,423	518,409	16,014
Total Personal Services	2,748,006	2,663,751	84,255
<u>Travel and Transportation</u>			
Sewer Office	175	40	135
Water Pollution Control	11,820	5,837	5,983
Sewer Maintenance	5,805	3,037	2,768
Administrative Support	6,550	2,995	3,555
Total Travel and Transportation	24,350	11,909	12,441
<u>Contractual Services</u>			
Sewer Office	21,580	21,580	0
Water Pollution Control	1,061,518	914,699	146,819
Sewer Maintenance	125,305	123,653	1,652
Administrative Support	170,590	167,250	3,340
Total Contractual Services	1,378,993	1,227,182	151,811
<u>Materials and Supplies</u>			
Sewer Office	2,430	1,187	1,243
Water Pollution Control	294,772	279,223	15,549
Sewer Maintenance	236,784	229,967	6,817
Administrative Support	10,263	9,403	860
Total Materials and Supplies	544,249	519,780	24,469
<u>Other</u>			
Sewer Office	37	37	0
Administrative Support	1,070	952	118
Total Other	1,107	989	118
<u>Capital Outlay</u>			
Water Pollution Control	6,622,418	6,595,858	26,560
Sewer Maintenance	60,000	50,000	10,000
Administrative Support	16,152	8,152	8,000
Total Capital Outlay	6,698,570	6,654,010	44,560

(continued)

City of Sandusky
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,063,908	\$1,063,908	\$0
Interest Expense	<u>1,110,476</u>	<u>1,212,996</u>	<u>(102,520)</u>
Total Debt Service	<u>2,174,384</u>	<u>2,276,904</u>	<u>(102,520)</u>
Total Expenses	<u>13,569,659</u>	<u>13,354,525</u>	<u>215,134</u>
Excess of Revenues Under Expenses	(1,381,659)	(1,758,559)	(376,900)
Transfers Out	<u>(15,000)</u>	<u>(13,893)</u>	<u>1,107</u>
Changes in Fund Balance	(1,396,659)	(1,772,452)	(375,793)
Fund Balance Beginning of Year	11,266,227	11,266,227	0
Prior Year Encumbrances Appropriated	<u>662,986</u>	<u>662,986</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$10,532,554</u></u>	<u><u>\$10,156,761</u></u>	<u><u>(\$375,793)</u></u>

City of Sandusky
Street Maintenance Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$443,151	\$419,351	(\$23,800)
Intergovernmental	1,174,223	911,366	(262,857)
Interest	287	559	272
Other	4,404	0	(4,404)
Total Revenues	1,622,065	1,331,276	(290,789)
<u>Expenditures</u>			
Current:			
Transportation			
Street Resurfacing			
Other	31,000	0	31,000
Public Works			
Personal Services	771,684	750,851	20,833
Other	259,888	249,539	10,349
Total Public Works	1,031,572	1,000,390	31,182
Traffic and Electrical Maintenance			
Personal Services	216,498	204,661	11,837
Other	76,637	63,191	13,446
Total Traffic and Electrical Maintenance	293,135	267,852	25,283
Street Cleaning, Snow, and Ice Removal			
Other	39,478	17,445	22,033
Total Transportation	1,395,185	1,285,687	109,498
Debt Service:			
Principal Retirement	13,520	13,520	0
Interest and Fiscal Charges	7,627	7,627	0
Total Debt Service	21,147	21,147	0
Total Expenditures	1,416,332	1,306,834	109,498
Excess of Revenues Over Expenditures	205,733	24,442	(181,291)
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	2,257	5,532	3,275
Transfers Out	(99,000)	(98,686)	314
Total Other Financing Sources (Uses)	(96,743)	(93,154)	3,589
Changes in Fund Balance	108,990	(68,712)	(177,702)
Fund Balance Beginning of Year	91,446	91,446	0
Prior Year Encumbrances Appropriated	14,564	14,564	0
Fund Balance End of Year	\$215,000	\$37,298	(\$177,702)

City of Sandusky
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$82,563	\$73,895	(\$8,668)
Interest	767	62	(705)
Total Revenues	<u>83,330</u>	<u>73,957</u>	<u>(9,373)</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	39,000	36,382	2,618
Other	55,000	51,192	3,808
Total Expenditures	<u>94,000</u>	<u>87,574</u>	<u>6,426</u>
Excess of Revenues Under Expenditures	(10,670)	(13,617)	(2,947)
<u>Other Financing Sources</u>			
Other Financing Sources	<u>0</u>	<u>97</u>	<u>97</u>
Changes in Fund Balance	(10,670)	(13,520)	(2,850)
Fund Balance Beginning of Year	<u>30,714</u>	<u>30,714</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$20,044</u></u>	<u><u>\$17,194</u></u>	<u><u>(\$2,850)</u></u>

City of Sandusky
Public Transit Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$372,488	\$351,280	(\$21,208)
Intergovernmental	180,000	238,780	58,780
Total Revenues	<u>552,488</u>	<u>590,060</u>	<u>37,572</u>
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Personal Services	37,000	30,263	6,737
Other	583,000	533,530	49,470
Total Expenditures	<u>620,000</u>	<u>563,793</u>	<u>56,207</u>
Excess of Revenues Over (Under) Expenditures	(67,512)	26,267	93,779
<u>Other Financing Sources</u>			
Other Financing Sources	<u>0</u>	<u>334</u>	<u>334</u>
Changes in Fund Balance	(67,512)	26,601	94,113
Fund Balance Beginning of Year	<u>126,262</u>	<u>126,262</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$58,750</u></u>	<u><u>\$152,863</u></u>	<u><u>\$94,113</u></u>

City of Sandusky
Parks and Recreational Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$268,688	\$225,028	(\$43,660)
Other	27,600	25,128	(2,472)
Total Revenues	296,288	250,156	(46,132)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Aquatic Center			
Personal Services	29,801	26,234	3,567
Other	13,951	11,590	2,361
Total Aquatic Center	43,752	37,824	5,928
Mills Creek Golf Course			
Personal Services	108,476	105,945	2,531
Other	97,477	95,892	1,585
Total Mills Creek Golf Course	205,953	201,837	4,116
Recreation			
Personal Services	73,495	70,050	3,445
Other	44,121	37,027	7,094
Total Recreation	117,616	107,077	10,539
Boat Launch Ramp			
Personal Services	4,368	3,486	882
Other	16,609	13,687	2,922
Total Boat Launch Ramp	20,977	17,173	3,804
Total Expenditures	388,298	363,911	24,387
Excess of Revenues Under Expenditures	(92,010)	(113,755)	(21,745)
<u>Other Financing Sources</u>			
Other Financing Sources	0	3,742	3,742
Transfers In	149,123	108,254	(40,869)
Total Other Financing Sources	149,123	111,996	(37,127)
Changes in Fund Balance	57,113	(1,759)	(58,872)
Fund Balance Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	2,064	2,064	0
Fund Balance End of Year	\$59,177	\$305	(\$58,872)

City of Sandusky
Fire Pension Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$129,439	\$131,566	\$2,127
Payment in Lieu of Taxes	179	179	0
Intergovernmental	35,854	35,988	134
Total Revenues	165,472	167,733	2,261
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	811,443	806,421	5,022
Other	2,999	2,601	398
Total Security of Persons and Property-Fire	814,442	809,022	5,420
Debt Service:			
Principal Retirement	22,947	22,947	0
Interest and Fiscal Charges	25,246	25,246	0
Total Debt Service	48,193	48,193	0
Total Expenditures	862,635	857,215	5,420
Excess of Revenues Under Expenditures	(697,163)	(689,482)	7,681
<u>Other Financing Sources</u>			
Transfers In	696,999	689,318	(7,681)
Changes in Fund Balance	(164)	(164)	0
Fund Balance Beginning of Year	164	164	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Sandusky
Police Pension Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$129,440	\$131,567	\$2,127
Payment in Lieu of Taxes	178	178	0
Intergovernmental	35,854	35,988	134
Total Revenues	165,472	167,733	2,261
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	614,474	610,111	4,363
Other	3,400	2,601	799
Total Security of Persons and Property-Police	617,874	612,712	5,162
Debt Service:			
Principal Retirement	17,053	17,053	0
Interest and Fiscal Charges	18,762	18,762	0
Total Debt Service	35,815	35,815	0
Total Expenditures	653,689	648,527	5,162
Excess of Revenues Under Expenditures	(488,217)	(480,794)	7,423
<u>Other Financing Sources</u>			
Transfers In	488,053	480,630	(7,423)
Changes in Fund Balance	(164)	(164)	0
Fund Balance Beginning of Year	164	164	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Sandusky
State Grants Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$78,200	\$130,595	\$52,395
Interest	3,500	27,510	24,010
Other	253,011	100,935	(152,076)
Total Revenues	334,711	259,040	(75,671)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Coastal Management Assistance Grant			
Other	10,000	5,867	4,133
Community Environment			
Home Chip AC061722			
Other	40,800	0	40,800
Chip Special Review			
Other	273,939	41,158	232,781
Revolving Loan Rehabilitation			
Other	250,000	242,573	7,427
Revolving Loan Economic Development			
Other	192,237	164,881	27,356
DRC Probation			
Personal Services	76,200	61,001	15,199
Total Community Environment	833,176	509,613	323,563
General Government-Municipal Court			
Court Security			
Other	1,500	771	729
Total Expenditures	844,676	516,251	328,425
Excess of Revenues Under Expenditures	(509,965)	(257,211)	252,754
<u>Other Financing Sources</u>			
Other Financing Sources	0	59	59
Changes in Fund Balance	(509,965)	(257,152)	252,813
Fund Balance Beginning of Year	492,290	492,290	0
Prior Year Encumbrances Appropriated	17,675	17,675	0
Fund Balance End of Year	\$0	\$252,813	\$252,813

City of Sandusky
Federal Grants Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$3,170,000	\$1,992,123	(\$1,177,877)
Interest	50,000	17,344	(32,656)
Other	0	1,562	1,562
Total Revenues	3,220,000	2,011,029	(1,208,971)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Bulletproof Vest			
Other	15,000	1,174	13,826
Security of Persons and Property-Fire			
EMS			
Other	5,293	4,357	936
Community Environment			
EPA Asmt Petroleum 2007			
Other	197,000	196,839	161
EPA Asmt Hazardous Waste 2007			
Other	197,000	196,839	161
HUD Special Review			
Other	733,582	602,402	131,180
HUD CDBGB 08MC390034			
Personal Services	80,000	76,927	3,073
Other	2,211,895	1,431,568	780,327
Total HUD CDBGB 08MC390034	2,291,895	1,508,495	783,400
HUD CDBGB 09MC390034			
Personal Services	90,000	76,057	13,943
Other	50,135	44,950	5,185
Total HUD CDBGB 09MC390034	140,135	121,007	19,128
Revolving Loan Economic Development			
Other	381,496	29,679	351,817
Total Community Environment	3,941,108	2,655,261	1,285,847
Transportation			
Public Transit System			
Personal Services	66,000	42,848	23,152
Other	906,000	555,846	350,154
Total Transportation	972,000	598,694	373,306
Total Expenditures	4,933,401	3,259,486	1,673,915

(continued)

City of Sandusky
Federal Grants Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Budget	Actual	Variance Over (Under)
Excess of Revenues Under Expenditures	(\$1,713,401)	(\$1,248,457)	\$464,944
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	0	514	514
Transfers Out	(118,505)	(118,505)	0
Total Other Financing Sources (Uses)	(118,505)	(117,991)	514
Changes in Fund Balance	(1,831,906)	(1,366,448)	465,458
Fund Balance Beginning of Year	1,782,307	1,782,307	0
Prior Year Encumbrances Appropriated	117,189	117,189	0
Fund Balance End of Year	\$67,590	\$533,048	\$465,458

City of Sandusky
Indigent Drivers Alcohol Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$10,000	\$24,663	\$14,663
Intergovernmental	<u>14,528</u>	<u>15,957</u>	<u>1,429</u>
Total Revenues	24,528	40,620	16,092
<u>Expenditures</u>			
Current:			
Other			
Indigent Drivers Alcohol Treatment			
Other	<u>46,269</u>	<u>30,181</u>	<u>16,088</u>
Changes in Fund Balance	(21,741)	10,439	32,180
Fund Balance Beginning of Year	<u>179,552</u>	<u>179,552</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$157,811</u></u>	<u><u>\$189,991</u></u>	<u><u>\$32,180</u></u>

City of Sandusky
Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$11,542	\$11,655	\$113
Fund Balance Beginning of Year	14,765	14,765	0
Fund Balance End of Year	\$26,307	\$26,420	\$113

City of Sandusky
 Court Computerization Special Revenue Fund

Schedule of Revenues, Expenditures,
 and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$27,088	\$36,350	\$9,262
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	6,500	415	6,085
Other	35,664	33,131	2,533
Total Expenditures	42,164	33,546	8,618
Changes in Fund Balance	(15,076)	2,804	17,880
Fund Balance Beginning of Year	122,119	122,119	0
Fund Balance End of Year	<u>\$107,043</u>	<u>\$124,923</u>	<u>\$17,880</u>

City of Sandusky
Indigent Telephone Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$1,500	\$0	(\$1,500)
<u>Expenditures</u>			
Current:			
Other			
Indigent Telephone			
Other	8,000	4,548	3,452
Changes in Fund Balance	(6,500)	(4,548)	1,952
Fund Balance Beginning of Year	34,881	34,881	0
Fund Balance End of Year	<u>\$28,381</u>	<u>\$30,333</u>	<u>\$1,952</u>

City of Sandusky
Municipal Probation Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$64,918	\$81,270	\$16,352
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	47,000	41,989	5,011
Other	10,313	8,061	2,252
Total Expenditures	57,313	50,050	7,263
Excess of Revenues Over Expenditures	7,605	31,220	23,615
<u>Other Financing Sources</u>			
Other Financing Sources	0	75	75
Changes in Fund Balance	7,605	31,295	23,690
Fund Balance Beginning of Year	175,325	175,325	0
Fund Balance End of Year	<u>\$182,930</u>	<u>\$206,620</u>	<u>\$23,690</u>

City of Sandusky
General Trust Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$0	\$32,216	\$32,216
Intergovernmental	0	9,628	9,628
Other	33,953	26,596	(7,357)
Total Revenues	33,953	68,440	34,487
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	9,448	8,137	1,311
Police DARE			
Other	2,000	0	2,000
Police Dive Team			
Other	1,000	0	1,000
Federal Forfeiture			
Other	4,100	3,719	381
Contraband Trust			
Other	33,000	32,279	721
Total Security of Persons and Property-Police	49,548	44,135	5,413
Security of Persons and Property-Fire			
Fire Suppression			
Other	2,260	1,312	948
Leisure Time Activities			
Green Trust			
Other	4,150	2,189	1,961
Friends of the Greenhouse			
Other	1,000	734	266
Total Leisure Time Activities	5,150	2,923	2,227
Community Environment			
Downtown Economic Development			
Personal Services	15	15	0
Park Trust			
Other	13,500	13,131	369
Total Community Environment	13,515	13,146	369
Total Expenditures	70,473	61,516	8,957
Excess of Revenues Over (Under) Expenditures	(36,520)	6,924	43,444

(continued)

City of Sandusky
General Trust Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources</u>			
Other Financing Sources	\$1,047	\$1,147	\$100
Changes in Fund Balance	(35,473)	8,071	43,544
Fund Balance Beginning of Year	141,949	141,949	0
Prior Year Encumbrances Appropriated	2,358	2,358	0
Fund Balance End of Year	<u>\$108,834</u>	<u>\$152,378</u>	<u>\$43,544</u>

City of Sandusky
Park Donations Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$21,385	\$7,670	(\$13,715)
Interest	2,157	314	(1,843)
Other	4,958	3,079	(1,879)
	<hr/>	<hr/>	<hr/>
Total Revenues	28,500	11,063	(17,437)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Shoreline Park Improvement			
Other	1,000	0	1,000
	<hr/>	<hr/>	<hr/>
Changes in Fund Balance	27,500	11,063	(16,437)
Fund Balance Beginning of Year	165,620	165,620	0
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$193,120</u>	<u>\$176,683</u>	<u>(\$16,437)</u>

City of Sandusky
Cemetery Donations Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$24,000	\$20,665	(\$3,335)
Interest	17,767	2,126	(15,641)
Total Revenues	41,767	22,791	(18,976)
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	20,000	10,736	9,264
Other	8,300	4,132	4,168
Total Oakland Cemetery	28,300	14,868	13,432
Chapel Restoration			
Personal Services	80	0	80
Other	420	149	271
Total Chapel Restoration	500	149	351
Garden Mausoleum			
Other	5,700	5,561	139
Perpetual Care			
Other	8,000	7,402	598
Special Care			
Personal Services	200	0	200
Other	3,100	128	2,972
Total Special Care	3,300	128	3,172
Memorial Paintings			
Other	3,200	0	3,200
Total Expenditures	49,000	28,108	20,892
Excess of Revenues Under Expenditures	(7,233)	(5,317)	1,916
<u>Other Financing Sources</u>			
Other Financing Sources	13,684	17,101	3,417
Changes in Fund Balance	6,451	11,784	5,333
Fund Balance Beginning of Year	871,895	871,895	0
Fund Balance End of Year	\$878,346	\$883,679	\$5,333

City of Sandusky
General Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$319,272	\$432,449	\$113,177
Payment in Lieu of Taxes	593	593	0
Municipal Income Taxes	391,182	406,395	15,213
Intergovernmental	53,680	53,743	63
Total Revenues	<u>764,727</u>	<u>893,180</u>	<u>128,453</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	629,865	629,865	0
Interest and Fiscal Charges	888,977	887,106	1,871
Total Expenditures	<u>1,518,842</u>	<u>1,516,971</u>	<u>1,871</u>
Excess of Revenues Under Expenditures	(754,115)	(623,791)	130,324
<u>Other Financing Sources</u>			
Transfers In	636,971	636,971	0
Changes in Fund Balance	(117,144)	13,180	130,324
Fund Balance Beginning of Year	<u>137,626</u>	<u>137,626</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$20,482</u></u>	<u><u>\$150,806</u></u>	<u><u>\$130,324</u></u>

City of Sandusky
Urban Renewal Debt Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Payment in Lieu of Taxes	\$0	\$480,224	\$480,224
Intergovernmental	<u>0</u>	<u>56,259</u>	<u>56,259</u>
Total Revenues	0	536,483	536,483
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	0	536,483	536,483
<u>Other Financing Sources</u>			
Transfers In	<u>0</u>	<u>33,678</u>	<u>33,678</u>
Changes in Fund Balance	0	570,161	570,161
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$570,161</u>	<u>\$570,161</u>

City of Sandusky
Capital Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Municipal Income Taxes	\$387,689	\$325,117	(\$62,572)
<u>Expenditures</u>			
	0	0	0
Excess of Revenues Over Expenditures	387,689	325,117	(62,572)
<u>Other Financing Uses</u>			
Transfers Out	(327,000)	(325,134)	1,866
Changes in Fund Balance	60,689	(17)	(60,706)
Fund Balance Beginning of Year	10,349	10,349	0
Fund Balance End of Year	<u>\$71,038</u>	<u>\$10,332</u>	<u>(\$60,706)</u>

City of Sandusky
Redevelopment Tax Increment Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Payment in Lieu of Taxes	\$23,814	\$25,703	\$1,889
<u>Expenditures</u>			
Current:			
Community Environment			
City Wide Economic Development			
Other	40,000	7,995	32,005
Excess of Revenues Over (Under) Expenditures	(16,186)	17,708	33,894
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	0	1,995	1,995
Transfers Out	0	(33,678)	(33,678)
Total Other Financing Sources (Uses)	0	(31,683)	(31,683)
Changes in Fund Balance	(16,186)	(13,975)	2,211
Fund Balance Beginning of Year	129,447	129,447	0
Fund Balance End of Year	<u>\$113,261</u>	<u>\$115,472</u>	<u>\$2,211</u>

City of Sandusky
Various Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$35,000	\$34,030	(\$970)
Charges for Services	700,000	37,863	(662,137)
Fees, Licenses, and Permits	200,000	116,561	(83,439)
Interest	3,500	5,293	1,793
Total Revenues	938,500	193,747	(744,753)
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings			
Personal Services	100	0	100
Other	60,000	10,068	49,932
Total Remove Unsafe Buildings	60,100	10,068	50,032
Nuisance Removal			
Personal Services	800	477	323
Other	10,000	466	9,534
Total Nuisance Removal	10,800	943	9,857
Rental Registration Fee			
Personal Services	100,200	100,110	90
Other	15,000	3,591	11,409
Total Rental Registration Fee	115,200	103,701	11,499
Inspection Fee			
Personal Services	600	437	163
Other	20,000	13,024	6,976
Total Inspection Fee	20,600	13,461	7,139
Administration Fee			
Personal Services	200	0	200
Other	10,000	5,330	4,670
Total Administration Fee	10,200	5,330	4,870
Total Community Environment	216,900	133,503	83,397
Transportation			
Monroe Street Resurfacing Phase III			
Personal Services	100,000	1,874	98,126
Other	6,231	6,231	0
Total Monroe Street Resurfacing Phase III	106,231	8,105	98,126
Sidewalk-Curb-Gutter 2006			
Personal Services	500	150	350
Sidewalk-Curb-Gutter 2008			
Personal Services	90,000	747	89,253

(continued)

City of Sandusky
Various Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2009
(continued)

	Budget	Actual	Variance Over (Under)
Sidewalk-Curb-Gutter 2009			
Personal Services	\$90,000	\$0	\$90,000
Total Transportation	286,731	9,002	277,729
Capital Outlay	117,675	107,475	10,200
Debt Service:			
Principal Retirement	460,000	460,000	0
Interest and Fiscal Charges	3,119	19,550	(16,431)
Total Debt Service	463,119	479,550	(16,431)
Total Expenditures	1,084,425	729,530	354,895
Excess of Revenues Under Expenditures	(145,925)	(535,783)	(389,858)
<u>Other Financing Sources</u>			
Other Financing Sources	750,000	450	(749,550)
Bond Anticipation Notes Issued	451,600	0	(451,600)
Special Assessment Bonds Issued	84,400	84,400	0
Premium on Bonds Issued	1,429,500	0	(1,429,500)
Transfers In	246,000	231,136	(14,864)
Total Other Financing Sources	2,961,500	315,986	(2,645,514)
Changes in Fund Balance	2,815,575	(219,797)	(3,035,372)
Fund Balance Beginning of Year	213,961	213,961	0
Prior Year Encumbrances Appropriated	37,026	37,026	0
Fund Balance End of Year	\$3,066,562	\$31,190	(\$3,035,372)

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Statistical

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
Financial Trends.....	S-2

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity	S-12
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These schedules contain information to help the reader assess the City’s most significant local revenue sources.

Debt Capacity.....	S-34
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These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information.....	S-42
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information	S-46
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These schedules contain service data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Sandusky
Net Assets
Last Eight Years
(Accrual Basis of Accounting)

	2009	2008	2007	2006	2005
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$34,869,732	\$33,005,235	\$32,191,349	\$30,075,530	\$31,671,586
Restricted for					
Capital Projects	3,244,581	6,197,701	4,249,788	3,531,814	2,204,456
Debt Service	2,920,521	2,528,165	1,242,965	155,282	323,278
Other Purposes	6,367,187	8,143,328	8,553,276	8,345,260	7,924,998
Unrestricted (Deficit)	<u>(2,810,497)</u>	<u>(2,978,838)</u>	<u>(2,362,700)</u>	<u>(359,373)</u>	<u>(28,759)</u>
Total Governmental Activities Net Assets	<u>44,591,524</u>	<u>46,895,591</u>	<u>43,874,678</u>	<u>41,748,513</u>	<u>42,095,559</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	35,050,194	17,057,860	18,003,813	16,501,983	13,366,444
Unrestricted	<u>18,611,306</u>	<u>23,825,346</u>	<u>22,646,163</u>	<u>15,618,806</u>	<u>14,558,225</u>
Total Business-Type Activities Net Assets	<u>53,661,500</u>	<u>40,883,206</u>	<u>40,649,976</u>	<u>32,120,789</u>	<u>27,924,669</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	69,919,926	50,063,095	50,195,162	46,577,513	45,038,030
Restricted	12,532,289	16,869,194	14,046,029	12,032,356	10,452,732
Unrestricted	<u>15,800,809</u>	<u>20,846,508</u>	<u>20,283,463</u>	<u>15,259,433</u>	<u>14,529,466</u>
Total Primary Government Net Assets	<u>\$98,253,024</u>	<u>\$87,778,797</u>	<u>\$84,524,654</u>	<u>\$73,869,302</u>	<u>\$70,020,228</u>

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$31,969,703	\$31,552,987	\$29,920,305
2,824,223	2,913,134	3,360,829
778,513	0	0
7,103,344	6,660,100	6,029,865
<u>(1,306,979)</u>	<u>2,358,124</u>	<u>6,114,688</u>
<u>41,368,804</u>	<u>43,484,345</u>	<u>45,425,687</u>
11,829,893	5,710,006	7,775,513
<u>12,487,336</u>	<u>12,721,665</u>	<u>7,982,702</u>
<u>24,317,229</u>	<u>18,431,671</u>	<u>15,758,215</u>
43,799,596	37,262,993	37,695,818
10,706,080	9,573,234	9,390,694
<u>11,180,357</u>	<u>15,079,789</u>	<u>14,097,390</u>
<u>\$65,686,033</u>	<u>\$61,916,016</u>	<u>\$61,183,902</u>

City of Sandusky
Changes in Net Assets
Last Eight Years
(Accrual Basis of Accounting)

	2009	2008	2007	2006	2005
<u>Expenses</u>					
<u>Governmental Activities</u>					
Security of Persons and Property					
Police	\$5,669,764	\$5,874,509	\$5,574,825	\$5,487,963	\$5,266,496
Fire	5,862,556	5,937,365	6,007,917	5,307,276	5,144,980
Other	258,171	314,316	337,986	141,866	98,338
Public Health	315,947	403,533	390,069	387,849	371,995
Leisure Time Activities	816,417	601,231	724,443	755,381	532,317
Community Environment	4,228,845	3,310,344	3,076,512	3,414,429	3,089,728
Transportation	4,205,229	4,303,144	4,537,224	5,335,488	4,107,524
General Government					
Municipal Court	933,795	870,524	915,040	828,045	829,951
Other	3,870,955	4,408,458	3,859,012	3,499,303	3,633,634
Interest and Fiscal Charges	1,495,442	1,447,618	1,347,061	1,280,938	1,171,585
Total Governmental Activities Expenses	27,657,121	27,471,042	26,770,089	26,438,538	24,246,548
<u>Business-Type Activities</u>					
Water	5,101,130	5,585,538	4,515,116	3,896,902	4,257,055
Sewer	6,337,377	6,433,075	6,017,246	4,957,114	5,458,838
Total Business-Type Activities Expenses	11,438,507	12,018,613	10,532,362	8,854,016	9,715,893
Total Primary Government Expenses	39,095,628	39,489,655	37,302,451	35,292,554	33,962,441
<u>Program Revenues</u>					
<u>Governmental Activities</u>					
<u>Charges for Services</u>					
Security of Persons and Property					
Police	342,426	383,757	260,758	205,984	309,073
Fire	721,402	625,434	743,841	617,742	629,573
Public Health	122,323	118,531	132,369	128,255	125,552
Leisure Time Activities	233,214	327,660	328,280	297,903	275,319
Community Environment	417,210	358,027	326,365	234,689	277,330
Transportation	882,613	5,149,554	1,892,081	1,150,337	989,425
General Government					
Municipal Court	1,184,632	1,196,877	1,035,917	1,036,688	982,508
Other	178,236	175,414	200,752	286,948	411,300
Total Charges for Services	4,082,056	8,335,254	4,920,363	3,958,546	4,000,080
Operating Grants, Contributions, and Interest	3,531,046	3,008,317	3,541,296	4,392,095	3,912,640
Capital Grants and Contributions	2,010,876	258,793	1,874,767	1,441,100	755,345
Total Governmental Activities Program Revenues	9,623,978	11,602,364	10,336,426	9,791,741	8,668,065
<u>Business-Type Activities</u>					
<u>Charges for Services</u>					
Water	5,361,036	5,480,958	4,741,359	5,401,818	6,551,510
Sewer	5,881,665	6,460,336	6,480,173	6,559,309	6,589,124
Total Charges for Services	11,242,701	11,941,294	11,221,532	11,961,127	13,140,634
Capital Grants and Contributions	12,273,563	178,083	8,069,676	194,076	162,675
Total Business-Type Activities Program Revenues	23,516,264	12,119,377	19,291,208	12,155,203	13,303,309
Total Primary Government Program Revenues	33,140,242	23,721,741	29,627,634	21,946,944	21,971,374
<u>Net (Expense) Revenue</u>					
Governmental Activities	(18,033,143)	(15,868,678)	(16,433,663)	(16,646,797)	(15,578,483)
Business-Type Activities	12,077,757	100,764	8,758,846	3,301,187	3,587,416
Total Primary Governmental Net Expense	(5,955,386)	(15,767,914)	(7,674,817)	(13,345,610)	(11,991,067)

2004	2003	2002
\$5,136,481	\$5,392,091	\$5,087,828
5,255,572	4,944,712	5,058,422
107,843	104,619	111,257
374,751	355,557	348,886
509,107	863,510	681,746
2,470,765	2,517,823	2,845,508
4,100,037	3,418,979	3,582,466
888,857	840,986	826,586
4,160,795	4,321,420	4,151,714
1,222,879	1,180,234	1,186,757
24,227,087	23,939,931	23,881,170
3,495,790	4,147,608	3,506,290
5,396,945	5,411,399	5,106,863
8,892,735	9,559,007	8,613,153
33,119,822	33,498,938	32,494,323
152,098	154,638	142,713
628,488	516,005	459,763
146,215	106,848	125,348
235,152	308,474	355,775
153,748	261,498	454,088
871,796	1,065,560	1,334,256
1,220,842	1,166,979	1,166,953
250,519	151,621	109,126
3,658,858	3,731,623	4,148,022
1,938,688	2,085,948	1,577,529
2,181,599	558,798	129,520
7,779,145	6,376,369	5,855,071
6,563,548	5,924,982	5,375,558
6,440,877	6,290,237	5,832,837
13,004,425	12,215,219	11,208,395
184,117	0	0
13,188,542	12,215,219	11,208,395
20,967,687	18,591,588	17,063,466
(16,447,942)	(17,563,562)	(18,026,099)
4,295,807	2,656,212	2,595,242
(12,152,135)	(14,907,350)	(15,430,857)

(continued)

City of Sandusky
Changes in Net Assets
Last Eight Years
(continued)
(Accrual Basis of Accounting)

	2009	2008	2007	2006	2005
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental Activities					
Property Taxes Levied for General Purposes	\$1,568,338	\$1,808,771	\$1,757,611	\$1,653,693	\$1,672,894
Property Taxes Levied for Police and Fire Pension	257,807	296,040	290,214	271,237	274,996
Property Taxes Levied for Debt Service	423,572	488,892	476,474	328,893	316,768
Payment in Lieu of Taxes	509,866	2,939	589,383	23,815	21,793
Municipal Income Taxes Levied for General Purposes	5,609,577	7,308,067	6,174,450	6,424,092	6,298,260
Municipal Income Taxes Levied for Debt Service	355,717	478,361	398,287	419,919	419,110
Municipal Income Taxes Levied for Capital Projects	283,887	393,536	318,588	335,939	438,682
Other Local Taxes	3,530,345	3,759,788	3,720,784	3,486,825	3,573,094
Franchise Taxes	304,588	290,451	272,184	254,087	238,015
Grants and Entitlements not Restricted to Specific Programs	1,808,763	1,884,362	1,958,323	2,041,444	2,002,142
Interest	559,857	1,329,987	1,541,216	1,011,952	572,828
Other	967,843	540,308	556,074	638,096	420,467
Transfers	(451,084)	308,089	506,240	(590,241)	56,189
Total Governmental Activities	<u>15,729,076</u>	<u>18,889,591</u>	<u>18,559,828</u>	<u>16,299,751</u>	<u>16,305,238</u>
Business-Type Activities					
Interest	1,086	1,955	1,923	691	1,191
Other	248,367	438,600	274,658	304,001	75,022
Transfers	451,084	(308,089)	(506,240)	590,241	(56,189)
Total Business-Type Activities	<u>700,537</u>	<u>132,466</u>	<u>(229,659)</u>	<u>894,933</u>	<u>20,024</u>
Total Primary Government	<u>16,429,613</u>	<u>19,022,057</u>	<u>18,330,169</u>	<u>17,194,684</u>	<u>16,325,262</u>
<u>Changes in Net Assets</u>					
Governmental Activities	(2,304,067)	3,020,913	2,126,165	(347,046)	726,755
Business-Type Activities	<u>12,778,294</u>	<u>233,230</u>	<u>8,529,187</u>	<u>4,196,120</u>	<u>3,607,440</u>
Total Primary Government	<u>\$10,474,227</u>	<u>\$3,254,143</u>	<u>\$10,655,352</u>	<u>\$3,849,074</u>	<u>\$4,334,195</u>

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$1,694,006	\$1,482,917	\$1,746,584
278,468	243,641	0
320,817	486,949	510,501
21,177	20,949	19,286
6,512,919	6,594,364	6,851,404
440,575	444,364	424,460
67,796	71,098	67,743
3,546,079	3,918,022	4,000,787
232,129	233,695	229,621
1,724,926	1,415,311	1,430,527
376,479	268,808	479,135
644,316	400,167	842,572
<u>(1,527,286)</u>	<u>41,935</u>	<u>51,396</u>
<u>14,332,401</u>	<u>15,622,220</u>	<u>16,654,016</u>
1,530	475	302
60,935	58,704	72,073
<u>1,527,286</u>	<u>(41,935)</u>	<u>(51,396)</u>
<u>1,589,751</u>	<u>17,244</u>	<u>20,979</u>
<u>15,922,152</u>	<u>15,639,464</u>	<u>16,674,995</u>
(2,115,541)	(1,941,342)	(1,372,083)
<u>5,885,558</u>	<u>2,673,456</u>	<u>2,616,221</u>
<u>\$3,770,017</u>	<u>\$732,114</u>	<u>\$1,244,138</u>

City of Sandusky
Fund Balance
Governmental Funds
Last Eight Years
(Modified Accrual Basis of Accounting)

	2009	2008	2007	2006	2005
General Fund					
Reserved	\$132,604	\$134,443	\$108,449	\$111,838	\$123,608
Unreserved	2,908,251	3,689,976	4,115,612	3,461,642	3,174,012
Total General Fund	<u>3,040,855</u>	<u>3,824,419</u>	<u>4,224,061</u>	<u>3,573,480</u>	<u>3,297,620</u>
All Other Governmental Funds					
Reserved	3,618,403	3,280,330	3,958,843	3,633,344	3,733,926
Unreserved, Reported in					
Special Revenue Funds	2,812,530	4,233,164	4,376,446	4,650,635	4,839,344
Debt Service Funds	743,456	267,924	340,938	231,142	425,019
Capital Projects Funds (Deficit)	<u>(3,421,986)</u>	<u>(1,746,995)</u>	<u>(5,528,968)</u>	<u>(5,560,337)</u>	<u>(5,173,626)</u>
Total All Other Governmental Funds	<u>3,752,403</u>	<u>6,034,423</u>	<u>3,147,259</u>	<u>2,954,784</u>	<u>3,824,663</u>
Total Governmental Funds	<u><u>\$6,793,258</u></u>	<u><u>\$9,858,842</u></u>	<u><u>\$7,371,320</u></u>	<u><u>\$6,528,264</u></u>	<u><u>\$7,122,283</u></u>

Note: Information prior to 2002 not available.

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$182,408	\$97,452	\$64,040
<u>2,298,844</u>	<u>2,651,492</u>	<u>3,250,002</u>
<u>2,481,252</u>	<u>2,748,944</u>	<u>3,314,042</u>
2,943,033	3,902,082	4,398,355
4,741,505	4,603,648	5,400,820
671,817	931,983	1,187,737
<u>(6,187,308)</u>	<u>(4,165,362)</u>	<u>(1,060,786)</u>
<u>2,169,047</u>	<u>5,272,351</u>	<u>9,926,126</u>
<u><u>\$4,650,299</u></u>	<u><u>\$8,021,295</u></u>	<u><u>\$13,240,168</u></u>

City of Sandusky
Changes in Fund Balance
Governmental Funds
Last Eight Years
(Modified Accrual Basis of Accounting)

	2009	2008	2007	2006	2005
<u>Revenues</u>					
Property Taxes	\$2,296,321	\$2,408,140	\$2,537,843	\$2,225,347	\$2,258,521
Payment in Lieu of Taxes	509,041	61,710	22,601	23,815	21,793
Municipal Income Taxes	7,035,145	7,633,758	7,387,718	7,313,992	7,443,699
Other Local Taxes	3,954,181	4,192,054	4,155,563	3,933,675	4,027,163
Special Assessments	363,594	716,482	514,373	387,246	456,434
Charges for Services	1,625,516	1,734,744	1,562,798	1,415,863	1,426,503
Fees, Licenses, and Permits	860,515	818,094	777,905	828,294	972,001
Fines and Forfeitures	1,175,414	1,216,730	1,000,848	973,563	978,369
Intergovernmental	6,725,011	5,484,268	6,007,797	7,040,114	5,798,366
Interest	626,662	1,419,311	1,653,255	1,075,368	695,896
Other	1,011,487	948,160	1,081,031	1,585,259	1,021,847
Total Revenues	26,182,887	26,633,451	26,701,732	26,802,536	25,100,592
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	5,524,466	5,814,874	5,501,299	5,398,901	5,005,613
Fire	5,369,175	5,537,118	5,566,180	4,946,518	4,923,135
Other	258,171	314,316	337,986	141,866	98,338
Public Health	289,282	385,481	365,784	354,785	371,835
Leisure Time Activities	375,479	472,955	752,163	590,560	419,758
Community Environment	4,711,509	3,351,746	3,449,840	3,575,935	2,849,352
Transportation	2,810,287	2,648,551	2,884,363	2,555,374	2,488,592
General Government					
Municipal Court	924,136	856,718	890,382	789,382	849,310
Other	3,179,119	3,723,204	3,483,636	3,002,062	3,158,999
Other	112,205	106,467	79,540	185,530	60,324
Capital Outlay	3,404,107	1,487,593	2,216,476	3,990,621	1,928,029
Debt Service:					
Principal Retirement	1,118,512	1,033,726	991,682	944,627	895,901
Interest and Fiscal Charges	1,472,318	1,436,324	1,263,946	1,279,621	1,164,110
Issuance Costs	0	97,668	103,441	0	86,721
Total Expenditures	29,548,766	27,266,741	27,886,718	27,755,782	24,300,017
Excess of Revenues Over (Under) Expenditures	(3,365,879)	(633,290)	(1,184,986)	(953,246)	800,575
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	0	5,478,271	0	7,705,000
Special Assessment Bonds Issued	84,400	2,625,000	356,729	104,000	185,000
Loan Proceeds	0	0	918,855	0	0
Premium on General Obligation Bonds Issued	0	111,537	43,403	0	46,591
Payment to Refunded Bond Escrow Agent	0	0	(5,470,416)	0	(6,369,870)
Sale of Capital Assets	30,806	900	11,255	46,656	0
Inception of Capital Lease	0	0	0	0	48,499
Transfers In	2,769,241	5,259,992	3,569,940	2,690,340	3,398,033
Transfers Out	(2,584,152)	(4,876,617)	(2,879,995)	(2,481,769)	(3,341,844)
Total Other Financing Sources (Uses)	300,295	3,120,812	2,028,042	359,227	1,671,409
Changes in Fund Balance	(\$3,065,584)	\$2,487,522	\$843,056	(\$594,019)	\$2,471,984
Debt Service as a Percentage of Noncapital Expenditures	9.82%	9.85%	9.22%	8.49%	9.49%

Note: Information prior to 2002 not available.

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$2,272,754	\$2,222,007	\$2,247,660
21,177	20,949	19,286
7,308,576	7,251,576	6,840,357
4,011,666	4,396,773	3,905,391
384,141	427,724	562,455
1,751,391	1,727,554	1,935,316
811,379	769,953	680,627
1,000,227	963,967	980,432
5,192,973	3,818,995	3,745,672
416,103	406,113	789,426
<u>1,033,919</u>	<u>861,457</u>	<u>894,045</u>
<u>24,204,306</u>	<u>22,867,068</u>	<u>22,600,667</u>
4,955,514	5,306,587	4,815,565
4,493,492	4,629,532	4,324,408
107,843	104,619	111,257
338,665	326,208	312,845
387,892	800,359	562,636
2,257,296	2,746,294	2,503,006
2,216,810	2,119,901	2,264,383
875,791	838,000	811,711
3,773,576	3,739,296	3,773,986
31,706	65,691	54,504
6,373,458	5,561,879	5,253,729
1,154,167	796,337	793,206
1,225,852	1,183,073	1,194,083
<u>0</u>	<u>0</u>	<u>6,120</u>
<u>28,192,062</u>	<u>28,217,776</u>	<u>26,781,439</u>
<u>(3,987,756)</u>	<u>(5,350,708)</u>	<u>(4,180,772)</u>
240,000	0	0
137,000	89,900	102,000
0	0	0
0	0	6,120
0	0	0
184,954	0	0
2,950,732	2,230,717	2,680,869
<u>(2,895,926)</u>	<u>(2,188,782)</u>	<u>(2,629,473)</u>
<u>616,760</u>	<u>131,835</u>	<u>159,516</u>
<u>(\$3,370,996)</u>	<u>(\$5,218,873)</u>	<u>(\$4,021,256)</u>
10.37%	8.53%	8.90%

City of Sandusky
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property			Public Utility Personal Property		Tangible Personal Property	
	Assessed Value			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/ Public Utility	Estimated Actual Value				
2009	\$332,312,000	\$144,827,000	\$1,363,254,285	\$11,862,000	\$13,479,545	\$1,135,050	\$1,135,050
2008	329,995,000	150,360,000	1,372,442,857	11,439,000	12,998,864	16,392,420	262,278,720
2007	329,451,000	145,120,000	1,355,917,142	15,307,000	17,394,318	32,423,470	259,387,760
2006	293,183,000	130,749,000	1,211,234,285	16,151,000	18,353,409	47,462,890	253,135,413
2005	290,738,000	133,434,000	1,211,920,000	16,655,000	18,926,136	61,717,130	280,532,409
2004	288,207,000	133,366,000	1,204,494,286	17,021,000	19,342,045	68,206,114	296,548,322
2003	240,823,000	120,618,000	1,032,688,571	17,355,000	19,721,591	64,275,034	267,812,642
2002	237,641,000	118,822,000	1,018,465,714	17,706,000	20,120,455	70,518,286	282,073,144
2001	235,541,000	114,898,000	1,001,254,286	23,656,000	26,881,818	76,042,536	304,170,144
2000	212,191,000	105,934,000	908,928,571	22,879,000	25,998,864	65,521,406	262,085,624

Source: Erie County Auditor

Note: Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated actual value. Personal property tax was assessed on all tangible personal property used in Ohio. The assessed value of public utility personal property ranges from 25 percent of actual value. The assessed value of public utility personal property ranges from 25 for railroad property percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax was phased out beginning in 2006. The assessment percentage was 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out on the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, except telephone companies whose last year to pay tangible personal property tax is 2010.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent, and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property was eliminated.

Total		
Assessed Value	Estimated Actual Value	Tax Rate
\$490,136,050	\$1,377,868,880	\$5.25
508,186,420	1,647,720,441	5.25
522,301,470	1,632,699,220	5.25
487,545,890	1,482,723,107	4.95
502,544,130	1,511,378,545	4.95
506,800,114	1,520,384,653	4.95
443,071,034	1,320,222,804	5.51
444,687,286	1,320,659,313	5.51
450,137,536	1,332,306,248	5.51
406,525,406	1,197,013,059	5.51

City of Sandusky
Property Tax Rates
Direct and All Overlapping Governments
Per \$1,000 of Assessed Value
Last Ten Years

Year	2009	2008	2007	2006	2005
City of Sandusky					
Voted Millage					
1998 Library Bond - 23 Years	\$1.0000	\$1.0000	\$1.0000	\$0.7000	\$0.7000
Unvoted Millage					
General	3.6500	3.6500	3.6500	3.6500	3.6500
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	4.2500	4.2500	4.2500	4.2500	4.2500
Total Millage	5.2500	5.2500	5.2500	4.9500	4.9500
Erie County	8.8000	8.8000	8.8000	8.8000	8.8000
Sandusky City School District	75.3500	75.9500	70.5500	70.5500	70.5500

Source: Erie County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The basic property tax rate can be increased only by a majority vote of the City's residents.

Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

Overlapping rates are those of local and county governments that apply to property owners within the City. Property tax rates for all overlapping governments are based upon the original voted levy.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$0.7000	\$1.2600	\$1.2600	\$1.2600	\$1.2600
3.6500	3.6500	3.6500	3.6500	3.6500
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
4.2500	4.2500	4.2500	4.2500	4.2500
4.9500	5.5100	5.5100	5.5100	5.5100
8.8000	8.8000	8.3000	8.3000	8.3000
70.5500	70.5500	65.2000	65.2000	66.8400

City of Sandusky
Real Property Tax Levies and Collections
Last Ten Years

Year	Current Tax Levy (1)	Current Collections	Percentage of Current Collections to Current Tax Levy	Delinquent Charges	Delinquent Collections	Total Collections	Percentage of Total Collections to Current Tax Levy
2009	\$3,125,545	\$2,943,945	94.19%	\$414,025	\$136,816	\$3,080,761	98.57%
2008	2,635,189	2,451,407	93.03	343,152	134,420	2,585,827	98.13
2007	2,490,471	2,335,332	93.77	318,936	132,057	2,467,389	99.07
2006	2,327,395	2,067,591	88.84	265,099	114,077	2,181,668	93.74
2005	2,252,773	2,064,530	91.64	242,210	100,158	2,164,688	96.09
2004	2,494,817	2,376,827	95.27	270,627	101,548	2,478,375	99.34
2003	2,520,906	2,334,575	92.61	186,391	90,866	2,425,441	96.21
2002	2,422,401	2,284,463	94.31	137,938	89,665	2,374,128	98.01
2001	2,233,538	2,041,609	91.41	191,929	76,646	2,118,255	94.84
2000	1,878,167	1,811,168	96.43	145,740	75,352	1,886,520	100.44

Source: Erie County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent property tax collections by the year for which the tax was levied.

City of Sandusky
Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2009			2000		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$41,625,140	1	8.49%	\$48,192,720	1	11.85%
Ohio Edison Company	Utility	8,956,610	2	1.83	10,980,680	2	2.70
Firelands Regional Health System	Hospital	4,324,400	3	0.88			
Norfolk & Western Railway	Railroad	4,131,590	4	0.84	3,867,110	8	0.95
S & S Realty	Realty	3,602,900	5	0.74	3,582,690	9	0.88
CNL Income Sandusky Marina	Port Facilities	2,494,360	6	0.51			
Myers Industries, Inc.	Manufacturing/Assembly	2,306,800	7	0.47			
Key Real Estate LTD	Realty	2,170,020	8	0.45			
Sandusky Limited	Port Facilities	1,835,400	9	0.37	5,309,451	6	1.31
Columbia Gas	Utility	1,659,850	10	0.34	5,761,050	4	1.42
Sandusky International, Inc.	Manufacturing				7,573,460	3	1.86
Whirley of Ohio	Thermaformed Container				5,542,230	5	1.36
Ohio Bell Telephone Company	Utility				4,348,740	7	1.07
U. S. Tsubaki, Inc.	Manufacturing				2,831,200	10	0.70
	Total	<u>73,107,070</u>		<u>14.92</u>	<u>97,989,331</u>		<u>24.10</u>
	All Other Taxpayers	<u>417,028,980</u>		<u>85.08</u>	<u>308,536,075</u>		<u>75.90</u>
	Total Assessed Valuation	<u>\$490,136,050</u>		<u>100.00%</u>	<u>\$406,525,406</u>		<u>100.00%</u>

Source: Erie County Auditor

City of Sandusky
 Personal Income Tax Filers by Income Level
 Last Six Years

2009				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	371	4.92%	\$73,713,541	27.59%
\$75,001 - \$100,000	399	5.29	32,874,409	12.30
\$50,001 - \$75,000	956	12.67	56,243,007	21.04
\$25,001 - \$50,000	1,934	25.64	67,313,134	25.20
\$25,000 and lower	3,883	51.48	37,056,122	13.87
Total	7,543	100.00%	\$267,200,213	100.00%

2008				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	387	4.58%	\$58,791,611	21.42%
\$75,001 - \$100,000	446	5.28	36,592,392	13.33
\$50,001 - \$75,000	983	11.65	57,700,842	21.03
\$25,001 - \$50,000	2,245	26.60	77,978,900	28.42
\$25,000 and lower	4,380	51.89	43,369,409	15.80
Total	8,441	100.00%	\$274,433,154	100.00%

2007				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	379	4.88%	\$56,164,615	22.04%
\$75,001 - \$100,000	449	5.78	35,914,482	14.09
\$50,001 - \$75,000	997	12.83	59,095,338	23.20
\$25,001 - \$50,000	1,918	24.68	66,483,384	26.10
\$25,000 and lower	4,027	51.83	37,115,051	14.57
Total	7,770	100.00%	\$254,772,870	100.00%

2006				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	353	4.33%	\$54,550,340	20.65%
\$75,001 - \$100,000	458	5.61	36,993,290	14.01
\$50,001 - \$75,000	1,017	12.46	60,104,118	22.76
\$25,001 - \$50,000	2,120	25.98	73,121,439	27.68
\$25,000 and lower	4,213	51.62	39,361,212	14.90
Total	8,161	100.00%	\$264,130,399	100.00%

(continued)

City of Sandusky
 Personal Income Tax Filers by Income Level
 Last Six Years
 (continued)

2005				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	355	4.18%	\$53,041,156	19.53%
\$75,001 - \$100,000	482	5.68	39,219,772	14.45
\$50,001 - \$75,000	1,049	12.37	62,065,320	22.87
\$25,001 - \$50,000	2,178	25.68	75,171,199	27.70
\$25,000 and lower	4,416	52.09	41,895,579	15.45
Total	<u>8,480</u>	<u>100.00%</u>	<u>\$271,393,026</u>	<u>100.00%</u>

2004				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	366	3.91%	\$52,166,021	17.70%
\$75,001 - \$100,000	509	5.45	42,125,418	14.30
\$50,001 - \$75,000	1,164	12.45	68,609,792	23.29
\$25,001 - \$50,000	2,457	26.29	84,973,665	28.84
\$25,000 and lower	4,851	51.90	46,746,546	15.87
Total	<u>9,347</u>	<u>100.00%</u>	<u>\$294,621,442</u>	<u>100.00%</u>

Source: Regional Income Tax Agency (RITA)

Note: Information prior to 2004 not available.

City of Sandusky
Water Service by Type of Customer
Last Six Years

Type of Customer	2009			2008		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	607,578	\$1,415,158	\$1,442,767	652,538	\$1,502,904	\$1,460,921
Commercial	501,882	1,067,549	1,069,470	531,077	1,162,919	1,141,576
Industrial	23,337	51,264	52,651	26,814	57,649	54,522
Municipal	37,754	0	0	27,297	0	0
Total	<u>1,170,551</u>	<u>\$2,533,971</u>	<u>\$2,564,888</u>	<u>1,237,726</u>	<u>\$2,723,472</u>	<u>\$2,657,019</u>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

Source: City Records

Note: Rates are based on a 5/8" meter, which is the standard household meter.

Charges to Erie County are not included in payment amounts.

Information prior to 2004 not available.

2007			2006		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
679,939	\$1,547,390	\$1,506,012	660,179	\$1,510,317	\$1,510,051
544,937	1,190,056	1,193,784	556,330	1,226,408	1,225,604
32,138	72,598	77,686	38,040	84,593	76,639
18,663	0	0	21,734	0	0
<u>1,275,677</u>	<u>\$2,810,044</u>	<u>\$2,777,482</u>	<u>1,276,283</u>	<u>\$2,821,318</u>	<u>\$2,812,294</u>
	\$4.10			\$4.10	
	\$1.90			\$1.90	

(continued)

City of Sandusky
Water Service by Type of Customer
Last Six Years
(continued)

Type of Customer	2005			2004		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	656,463	\$1,457,843	\$1,448,097	659,329	\$1,506,510	\$1,496,017
Commercial	595,875	1,283,016	1,296,703	563,771	1,336,619	1,277,123
Industrial	45,565	97,333	95,961	41,449	92,967	85,129
Municipal	26,066	0	0	13,832	20	46
Total	<u>1,323,969</u>	<u>\$2,838,192</u>	<u>\$2,840,761</u>	<u>1,278,381</u>	<u>\$2,936,116</u>	<u>\$2,858,315</u>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

City of Sandusky
Sewer Service by Type of Customer
Last Six Years

Type of Customer	2009			2008		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	607,578	\$2,754,445	\$2,773,222	652,538	\$2,943,970	\$2,816,847
Commercial	501,882	2,066,859	2,052,461	531,077	2,195,755	2,145,365
Industrial	23,337	100,270	99,459	26,814	114,945	111,770
Municipal	37,754	0	0	27,297	0	0
Total	<u>1,170,551</u>	<u>\$4,921,574</u>	<u>\$4,925,142</u>	<u>1,237,726</u>	<u>\$5,254,670</u>	<u>\$5,073,982</u>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

Source: City Records

(continued)

Note: Rates are based on a 5/8" meter, which is the standard household meter.

Charges to Erie County are not included in payment amounts.

Information prior to 2004 not available.

City of Sandusky
Sewer Service by Type of Customer
Last Six Years
(continued)

Type of Customer	2007			2006		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	679,939	\$3,030,649	\$2,927,168	660,179	\$2,965,144	\$2,931,352
Commercial	544,937	2,237,127	2,202,101	556,330	2,308,180	2,288,275
Industrial	32,138	139,349	143,690	38,040	157,073	137,502
Municipal	18,663	0	0	21,734	0	0
Total	<u>1,275,677</u>	<u>\$5,407,125</u>	<u>\$5,272,959</u>	<u>1,276,283</u>	<u>\$5,430,397</u>	<u>\$5,357,129</u>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

2005			2004		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
656,463	\$2,858,345	\$2,815,696	659,329	\$2,963,308	\$2,926,004
595,875	2,268,957	2,355,544	563,771	2,329,882	2,308,088
45,565	171,556	174,324	41,449	169,416	146,309
26,066	0	0	13,832	38	95
<u>1,323,969</u>	<u>\$5,298,858</u>	<u>\$5,345,564</u>	<u>1,278,381</u>	<u>\$5,462,644</u>	<u>\$5,380,496</u>
	\$7.00			\$7.00	
	\$3.97			\$3.97	

City of Sandusky
Principal Water Customers
Last Five Years

2009		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$452,902	17.66%
Firelands Regional Health System	46,981	1.84
Sandusky Associates, LLC	33,657	1.31
U. S. Tsubaki, Inc.	16,937	0.66
Sandusky Board of Education	16,367	0.64
Providence Care Center	11,901	0.46
MHD Corporation	9,811	0.38
Lutheran Memorial Home	9,203	0.36
Greentree Inn	8,576	0.33
Sandusky Foundry	8,284	0.32
Total	614,619	23.96
Balance from Other Customers	1,950,269	76.04
Total Water Revenue	\$2,564,888	100.00%

2008		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$465,123	17.52%
Firelands Regional Health System	52,087	1.96
Sandusky Associates, LLC	27,196	1.02
Sandusky Board of Education	21,306	0.80
U. S. Tsubaki, Inc.	20,546	0.77
Providence Care Center	13,250	0.50
Westwood Management	9,963	0.37
Lutheran Memorial Home	8,785	0.33
MHD Corporation	8,044	0.30
Erie Metro Housing	7,436	0.28
Total	633,736	23.85
Balance from Other Customers	2,023,283	76.15
Total Water Revenue	\$2,657,019	100.00%

(continued)

City of Sandusky
Principal Water Customers
Last Five Years
(continued)

2007		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$466,048	16.79%
Firelands Regional Health System	62,660	2.26
Sandusky Associates, LLC	30,806	1.11
Radisson Harbour Inn	23,415	0.84
Sandusky Board of Education	21,496	0.77
U. S. Tsubaki, Inc.	18,646	0.67
G & C Foundry	17,316	0.62
Providence Care Center	13,155	0.47
Sandusky Bay Kiwanis	13,136	0.47
Westwood Management	9,203	0.33
Total	675,881	24.33
Balance from Other Customers	2,101,601	75.67
Total Water Revenue	\$2,777,482	100.00%

2006		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$422,024	15.00%
Sandusky Associates, LLC	40,876	1.45
Radisson Harbour Inn	37,069	1.32
Firelands Regional Health System	32,714	1.16
Sandusky Board of Education	21,116	0.75
U.S. Tsubaki, Inc.	18,646	0.67
Westwood Management	15,264	0.54
G & C Foundry	13,896	0.49
Sandusky Limited	13,250	0.47
Providence Care Center	11,730	0.43
Total	626,585	22.28
Balance from Other Customers	2,185,709	77.72
Total Water Revenue	\$2,812,294	100.00%

(continued)

City of Sandusky
Principal Water Customers
Last Five Years
(continued)

	2005	
	Water Revenue	
Customer	Amount	Percentage
Cedar Fair	\$497,392	17.51%
Firelands Regional Health System	63,534	2.24
Radisson Harbour Inn	37,031	1.30
Sandusky Associates, LLC	35,556	1.25
U.S. Tsubaki, Inc.	17,316	0.61
G & C Foundry	16,556	0.58
Muirwood Village	12,756	0.45
Sandusky Limited	11,957	0.42
TGI Fridays	10,431	0.37
MHD Corporation	7,558	0.27
Total	710,087	25.00
Balance from Other Customers	2,130,674	75.00
Total Water Revenue	\$2,840,761	100.00%

Source: City Utility Department

Note: Information prior to 2005 not available.

City of Sandusky
Principal Sewer Customers
Last Five Years

2009		
Sewer Revenue		
Customer	Amount	Percentage
Cedar Fair	\$904,654	18.37%
Firelands Regional Health System	82,404	1.67
Sandusky Associates, LLC	70,835	1.44
Sandusky Board of Education	34,708	0.70
Providence Care Center	25,000	0.51
MHD Corporation	20,633	0.42
Lutheran Memorial Home	19,362	0.39
Sandusky Foundry	17,371	0.35
Greentree Inn	14,682	0.30
Thakar Aluminum Corporation	1,892	0.04
Total	1,191,541	24.19
Balance from Other Customers	3,733,601	75.81
Total Sewer Revenue	\$4,925,142	100.00%

2008		
Sewer Revenue		
Customer	Amount	Percentage
Cedar Fair	\$874,548	17.24%
Firelands Regional Health System	106,922	2.11
Sandusky Associates, LLC	57,335	1.13
Sandusky Board of Education	45,030	0.89
Providence Care Center	27,819	0.55
Westwood Management	20,843	0.41
Lutheran Memorial Home	18,489	0.36
MHD Corporation	16,941	0.33
Erie Metro Housing	15,779	0.31
Monticello Arms Apartments	15,404	0.30
Total	1,199,110	23.63
Balance from Other Customers	3,874,872	76.37
Total Sewer Revenue	\$5,073,982	100.00%

(continued)

City of Sandusky
Principal Sewer Customers
Last Five Years
(continued)

2007		
Sewer Revenue		
Customer	Amount	Percentage
Cedar Fair	\$865,657	16.41%
Firelands Regional Health System	121,803	2.31
Sandusky Associates, LLC	64,880	1.23
Radisson Harbour Inn	49,406	0.94
Sandusky Board of Education	45,427	0.86
Sandusky Bay Kiwanis	27,688	0.53
Providence Care Center	27,620	0.52
G & C Foundry	26,660	0.51
Westwood Management	19,255	0.37
Erie Metro Housing	18,558	0.35
Total	1,266,954	24.03
Balance from Other Customers	4,006,005	75.97
Total Sewer Revenue	\$5,272,959	100.00%

2006		
Sewer Revenue		
Customer	Amount	Percentage
Cedar Fair	\$749,187	13.97%
Sandusky Associates, LLC	85,921	1.60
Radisson Harbour Inn	77,935	1.45
Firelands Regional Health System	68,865	1.29
Sandusky Board of Education	44,633	0.83
Westwood Management	31,919	0.61
Sandusky Limited	28,952	0.54
Providence Care Center	24,643	0.46
Sandusky Bay Kiwanis	22,528	0.42
G & C Foundry	17,652	0.34
Total	1,152,235	21.51
Balance from Other Customers	4,204,894	78.49
Total Sewer Revenue	\$5,357,129	100.00%

(continued)

City of Sandusky
Principal Sewer Customers
Last Five Years
(continued)

Customer	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$846,043	15.83%
Firelands Regional Health System	121,642	2.27
Radisson Harbour Inn	77,855	1.45
Sandusky Associates, LLC	74,805	1.40
Muirwood Village	27,165	0.51
Sandusky Limited	26,248	0.49
TGI Fridays	21,927	0.41
MHD Corporation	15,826	0.30
G & C Foundry	12,412	0.23
Lee Group	11,693	0.22
Total	1,235,616	23.11
Balance from Other Customers	4,109,948	76.89
Total Sewer Revenue	<u>\$5,345,564</u>	<u>100.00%</u>

Source: City Utility Department

Note: Information prior to 2005 not available.

City of Sandusky
 Number of Water and Sewer Customers by Type
 Last Five Years

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
2009	8,379	1,014	8,351	997	16,730	2,011
2008	8,393	1,038	8,368	1,020	16,761	2,058
2007	8,462	1,027	8,437	1,009	16,899	2,036
2006	8,516	1,046	8,489	1,025	17,005	2,071
2005	8,625	1,034	8,578	1,014	17,203	2,048

Source: City Utility Department

Note: Information prior to 2005 not available.

City of Sandusky
 Water Produced and Consumed and Wastewater Treated
 Last Five Years

Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water City Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated
2009	3,055,757,000	2,439,575,070	38,973,750	532,694,360	17.92%	3,790,900,000
2008	3,056,657,000	2,545,413,752	35,622,000	302,599,669	0.11	4,300,500,000
2007	3,056,130,750	2,522,043,000	174,588,655	340,653,095	11.90	4,174,000,000
2006	2,861,333,000	1,971,015,750	15,606,750	874,710,500	30.74	4,120,000,000
2005	2,755,114,000	2,334,836,250	15,984,000	404,293,750	14.76	3,943,000,000

Source: City Utility Department

Note: Information prior to 2005 not available.

City of Sandusky
Ratios of Outstanding Debt by Type
Last Ten Years

Governmental Activities						
Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	Loans Payable	Capital Leases	Police and Fire Pension
2009	\$16,624,377	\$4,170,986	\$0	\$767,275	\$38,073	\$0
2008	17,289,834	4,438,434	0	829,545	75,916	0
2007	17,900,290	1,996,032	0	918,855	111,932	0
2006	18,413,397	1,974,032	0	0	146,214	0
2005	19,064,812	2,127,766	0	0	178,840	0
2004	18,287,600	2,194,499	0	0	160,242	0
2003	18,757,467	2,592,800	0	0	0	0
2002	19,212,333	2,787,605	57,186	0	0	0
2001	19,642,200	2,991,758	108,252	0	0	0
2000	6,360,000	2,901,858	131,049	0	0	1,679,666

Source: City Records

(1) See schedule on S-42 for population and personal income. These ratios are calculated using personal income and population for the prior calendar year.

Business-Type Activities					
General Obligation Revenue Bonds	OWDA Loans	Loans Payable	Total Debt	Per Capita (1)	Percentage of Personal Income (1)
\$2,117,825	\$40,693,071	\$476,753	\$64,888,360	\$2,330.43	12.87%
2,294,659	36,781,982	515,446	\$62,225,816	2,234.80	12.34
2,471,493	34,578,434	570,938	\$58,547,974	2,102.71	11.61
2,648,327	36,142,140	0	\$59,324,110	2,130.59	11.76
2,950,161	36,097,777	0	\$60,419,356	2,169.92	11.98
1,181,710	32,388,142	0	\$54,212,193	1,947.00	10.75
1,432,811	28,495,412	0	\$51,278,490	1,841.64	10.17
1,683,912	15,536,971	0	\$39,278,007	1,410.65	7.79
1,893,000	8,053,001	0	\$32,688,211	1,173.98	6.48
2,182,000	5,657,864	0	\$18,912,437	679.23	3.75

City of Sandusky
Ratio of General Bonded Debt to
Estimated Actual Value and General Bonded Debt Per Capita
Last Ten Years

Year	Population	Estimated Actual Value	Gross Bonded Debt	Bonded Debt Per Capita	Ratio of Bonded Debt to Estimated Actual Value
2009	27,844	\$1,377,868,880	\$22,913,188	\$822.91	1.66%
2008	27,844	1,647,720,441	24,022,927	862.77	1.46
2007	27,844	1,632,699,220	22,367,815	803.33	1.37
2006	27,844	1,482,723,107	23,035,756	827.31	1.55
2005	27,844	1,511,378,545	24,142,739	867.07	1.60
2004	27,844	1,520,384,653	21,663,809	778.04	1.42
2003	27,844	1,320,222,804	22,783,078	818.24	1.73
2002	27,844	1,320,659,313	23,683,850	850.59	1.79
2001	27,844	1,332,306,248	24,526,958	880.87	1.84
2000	27,844	1,197,013,059	11,443,858	411.00	0.96

Source: (1) City Records

(2) Erie County Auditor

City of Sandusky
 Computation of Direct and Overlapping Debt for Governmental Activities
 December 31, 2009

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2001 Library	\$4,445,000	100.00%	\$4,445,000
2001 Police Pension	17,052	100.00	17,052
2001 Fire Pension	22,948	100.00	22,948
2001 Various Purpose	359,865	100.00	359,865
2004 Judgement Refunding	90,000	100.00	90,000
2005 Various Purpose	815,000	100.00	815,000
2005 City Complex Refunding	5,591,752	100.00	5,591,752
2007 Police Pension Refunding	430,134	100.00	430,134
2007 Fire Pension Refunding	578,789	100.00	578,789
2007 Various Purpose Refunding	4,273,837	100.00	4,273,837
Special Assessment Bonds	4,170,986	100.00	4,170,986
Loans Payable	767,275	100.00	767,275
Capital Leases	38,073	100.00	38,073
	<u>21,600,711</u>		<u>21,600,711</u>
Erie County	<u>18,568,375</u>	24.11	<u>4,476,835</u>
Total	<u>\$40,169,086</u>		<u>\$26,077,546</u>

Source: City Records and Erie County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision. The valuations used were for the 2009 collection year.

City of Sandusky
Computation of Legal Debt Margin
Last Ten Years

	2009	2008	2007	2006	2005
Total Assessed Valuation	<u>\$490,136,050</u>	<u>\$508,186,420</u>	<u>\$522,301,470</u>	<u>\$487,545,890</u>	<u>\$502,544,130</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	51,464,285	53,359,574	54,841,654	51,192,318	52,767,134
Gross Indebtedness	69,034,270	68,244,180	65,841,032	67,414,138	66,854,776
Less Debt Outside Limitation					
Bond Anticipation Notes	0	0	0	0	0
Special Assessment Notes	0	0	0	0	0
Special Assessment Bonds	4,060,063	4,324,197	1,992,732	1,970,132	2,123,266
General Obligation Revenue Bonds	2,083,000	2,255,000	2,427,000	2,599,000	2,896,000
OWDA Loans	<u>40,693,071</u>	<u>36,781,982</u>	<u>34,578,434</u>	<u>36,142,140</u>	<u>36,097,777</u>
Net Indebtedness	22,198,136	24,883,001	26,842,866	26,702,866	25,737,733
Less Fund Balance in Debt Service Fund	<u>173,295</u>	<u>162,155</u>	<u>205,867</u>	<u>266,065</u>	<u>256,409</u>
Net Debt Within 10.5 Percent Limitation	<u>22,024,841</u>	<u>24,720,846</u>	<u>26,636,999</u>	<u>26,436,801</u>	<u>25,481,324</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$29,439,444</u>	<u>\$28,638,728</u>	<u>\$28,204,655</u>	<u>\$24,755,517</u>	<u>\$27,285,810</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	57.20%	53.67%	51.43%	48.36%	51.71%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$26,957,483	\$27,950,253	\$28,726,581	\$26,815,024	\$27,639,927
Gross Indebtedness	69,034,270	68,244,180	65,841,032	67,414,138	66,854,776
Less Debt Outside Limitation					
Bond Anticipation Notes	0	0	0	0	0
Special Assessment Notes	0	0	0	0	0
Special Assessment Bonds	4,060,063	4,324,197	1,992,732	1,970,132	2,123,266
General Obligation Revenue Bonds	2,083,000	2,255,000	2,427,000	2,599,000	2,896,000
OWDA Loans	<u>40,693,071</u>	<u>36,781,982</u>	<u>34,578,434</u>	<u>36,142,140</u>	<u>36,097,777</u>
Net Indebtedness	22,198,136	24,883,001	26,842,866	26,702,866	25,737,733
Less Fund Balance in Debt Service Fund	<u>173,295</u>	<u>162,155</u>	<u>205,867</u>	<u>266,065</u>	<u>256,409</u>
Net Debt Within 5.5 Percent Limitation	<u>22,024,841</u>	<u>24,720,846</u>	<u>26,636,999</u>	<u>26,436,801</u>	<u>25,481,324</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$4,932,642</u>	<u>\$3,229,407</u>	<u>\$2,089,582</u>	<u>\$378,223</u>	<u>\$2,158,603</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	18.30%	11.55%	7.27%	1.41%	7.81%

Source: City Records

2004	2003	2002	2001	2000
<u>\$506,800,114</u>	<u>\$443,071,034</u>	<u>\$444,687,286</u>	<u>\$450,137,536</u>	<u>\$406,525,406</u>
53,214,012	46,522,459	46,692,165	47,264,441	42,685,168
63,458,254	62,379,979	43,106,975	36,051,187	27,120,315
1,850,000	4,110,000	2,242,360	2,435,000	2,478,000
0	0	252,000	372,000	1,119,000
2,304,512	2,587,100	2,781,605	2,991,758	2,901,858
1,153,000	1,400,000	1,647,000	1,893,000	2,182,000
<u>32,388,142</u>	<u>28,495,412</u>	<u>15,594,157</u>	<u>7,694,729</u>	<u>5,797,457</u>
25,762,600	25,787,467	20,589,853	20,664,700	12,642,000
494,598	751,261	970,382	1,196,603	0
<u>25,268,002</u>	<u>25,036,206</u>	<u>19,619,471</u>	<u>19,468,097</u>	<u>12,642,000</u>
<u>\$27,946,010</u>	<u>\$21,486,253</u>	<u>\$27,072,694</u>	<u>\$27,796,344</u>	<u>\$30,043,168</u>
52.52%	46.18%	57.98%	58.81%	70.38%
\$27,874,006	\$24,368,907	\$24,457,801	\$24,757,564	\$22,358,897
63,458,254	62,379,979	43,106,975	36,051,187	27,120,315
1,850,000	4,110,000	2,242,360	2,435,000	2,478,000
0	0	252,000	372,000	1,119,000
2,304,512	2,587,100	2,781,605	2,991,758	2,901,858
1,153,000	1,400,000	1,647,000	1,893,000	2,182,000
<u>32,388,142</u>	<u>28,495,412</u>	<u>15,594,157</u>	<u>7,694,729</u>	<u>5,797,457</u>
25,762,600	25,787,467	20,589,853	20,664,700	12,642,000
494,598	751,261	970,382	1,196,603	0
<u>25,268,002</u>	<u>25,036,206</u>	<u>19,619,471</u>	<u>19,468,097</u>	<u>12,642,000</u>
<u>\$2,606,004</u>	<u>(\$667,299)</u>	<u>\$4,838,330</u>	<u>\$5,289,467</u>	<u>\$9,716,897</u>
9.35%	-2.74%	19.78%	21.37%	43.46%

City of Sandusky
 General Obligation - Revenue Supported - Bond Coverage
 Water Enterprise Fund
 Last Ten Years

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$5,377,081	\$4,182,466	\$1,194,615	\$85,000	\$18,524	\$103,524	11.54
2008	5,499,096	4,626,578	872,518	85,000	22,525	107,525	8.11
2007	4,746,271	3,841,614	904,657	85,000	26,328	111,328	8.13
2006	5,648,139	3,341,908	2,306,231	205,000	39,080	244,080	9.45
2005	6,574,685	3,407,134	3,167,551	200,000	43,655	243,655	13.00
2004	6,571,450	3,062,778	3,508,672	200,000	56,342	256,342	13.69
2003	5,932,736	3,674,710	2,258,026	200,000	76,926	276,926	8.15
2002	5,392,746	3,294,752	2,097,994	920,000	95,115	1,015,115	2.07
2001	4,226,826	3,391,723	835,103	213,500	112,340	325,840	2.56
2000	3,083,574	2,518,245	565,329	213,500	127,152	340,652	1.66

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky
 General Obligation - Revenue Supported - Bond Coverage
 Sewer Enterprise Fund
 Last Ten Years

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$6,113,987	\$5,143,723	\$970,264	\$87,000	\$76,995	\$163,995	5.92
2008	6,879,298	5,276,170	1,603,128	87,000	81,045	168,045	9.54
2007	6,749,919	4,921,594	1,828,325	87,000	85,094	172,094	10.62
2006	6,616,989	4,246,275	2,370,714	92,000	100,920	192,920	12.29
2005	6,640,971	4,186,875	2,454,096	47,000	25,910	72,910	33.66
2004	6,493,910	4,542,126	1,951,784	400,000	22,444	422,444	4.62
2003	6,341,187	4,178,936	2,162,251	47,000	24,887	71,887	30.08
2002	5,887,722	4,127,066	1,760,656	46,000	26,982	72,982	24.12
2001	5,326,004	4,141,231	1,184,773	75,500	31,395	106,895	11.08
2000	3,738,380	3,220,259	518,121	75,500	35,604	111,104	4.66

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky
Demographic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Dwelling Units (1)	Occupied Dwelling Units Households (1)	Persons Per Household (1)
2009	27,844	\$504,282,684	\$18,111	13,323	11,851	2.31
2008	27,844	504,282,684	18,111	13,323	11,851	2.31
2007	27,844	504,282,684	18,111	13,323	11,851	2.31
2006	27,844	504,282,684	18,111	13,323	11,851	2.31
2005	27,844	504,282,684	18,111	13,323	11,851	2.31
2004	27,844	504,282,684	18,111	13,323	11,851	2.31
2003	27,844	504,282,684	18,111	13,323	11,851	2.31
2002	27,844	504,282,684	18,111	13,323	11,851	2.31
2001	27,844	504,282,684	18,111	13,323	11,851	2.31
2000	27,844	504,282,684	18,111	13,323	11,851	2.31

Source: (1) U.S. Bureau of the Census

(2) U.S. Department of Labor: Bureau of Labor Statistics

(3) Computation of per capita personal income multiplied by population.

Owner Occupied Units (1)	Median Family Income (1)	Unemployment Rate (2)
6,692	\$37,749	12.4%
6,692	37,749	9.8
6,692	37,749	7.3
6,692	37,749	6.6
6,692	37,749	6.7
6,692	37,749	6.4
6,692	37,749	6.3
6,692	37,749	5.9
6,692	37,749	5.8
6,692	37,749	4.1



City of Sandusky
Principal Employers
Current Year and Five Years Ago

Employer	Type of Business	2009			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	5,547	1	47.01%	6,583	1	51.43%
Firelands Regional Health System	Hospital	1,988	2	16.85	1,979	2	15.46
Sandusky Board of Education	Education	850	3	7.20	914	3	7.14
Erie County	Government	621	4	5.26	683	4	5.34
Delphi Automotive Systems	Automotive	500	5	4.24	286	6	2.23
Stein Hospice Service	Hospice	294	6	2.49			
Ford Motor Company	Automotive	260	7	2.20			
City of Sandusky	Government	259	8	2.19	399	5	3.12
FMC Food Tech	Service	250	9	2.12	228	7	1.78
Cedar Fair	Entertainment	114	10	0.97			
Sandusky Limited	Port Facilities				185	8	1.45
G & C Foundry	Manufacturing				150	9	1.17
Sandusky Internists, Inc.	Medical				26	10	0.20
	Total	<u>10,683</u>		<u>90.53%</u>	<u>11,433</u>		<u>89.32%</u>
	Total City Employment	<u>11,800</u>			<u>12,800</u>		

Source: Regional Income Tax Agency (RITA)

Note: Information prior to 2004 not available.

City of Sandusky
 Full Time Equivalent City Government Employees by Function/Program
 Last Six Years

Function/Program	2009	2008	2007	2006
Security of Persons and Property-Police				
Police Patrol	52.0	52.0	49.0	50.0
Police Records	10.0	12.0	11.0	10.5
Police Reserve	0.0	3.5	7.0	8.5
Security of Persons and Property-Fire				
Fire Suppression	54.0	52.0	53.0	53.0
Public Health				
Oakland Cemetery	3.5	3.0	4.5	4.0
Leisure Time Activities				
Recreation	1.0	1.0	1.0	1.0
Pavillion	0.5	0.5	0.0	0.0
Community Environment				
Community Development	5.0	8.5	10.5	11.5
Horticultural Services	8.0	9.0	11.5	11.0
Transportation				
Streets	10.0	10.0	10.0	9.0
Traffic and Electrical Maintenance	3.0	3.0	5.0	4.0
General Government-Municipal Court				
Court-Criminal	18.0	19.5	19.5	17.5
General Government-Other				
City Manager	0.0	2.0	2.0	3.0
Personnel Labor Relations	4.5	5.5	5.5	3.5
Finance	4.0	4.0	4.0	4.0
Law Director	4.0	6.0	6.0	6.0
City Commission	8.0	9.0	9.0	9.0
Municipal Buildings and Lands	4.0	5.5	4.5	4.5
Engineering	10.0	11.0	11.0	12.0
Fleet	4.0	4.0	4.0	4.0
Basic Utility Services				
Water/Sewer Office	3.0	3.0	2.0	3.0
Waterworks Filtration	12.0	12.0	13.0	13.0
Waterworks Distribution	9.0	9.0	10.0	10.0
Water Pollution Control	18.0	18.0	18.0	18.0
Sewer Maintenance	9.0	9.0	9.0	10.0
Total	<u>254.5</u>	<u>272.0</u>	<u>280.0</u>	<u>280.0</u>

Source: City Records

Method: Using 1.0 for each full-time employee and .5 for each part-time employee as of December 31 of each year.

Note: Information prior to 2004 not available.

<u>2005</u>	<u>2004</u>
51.0	52.0
11.0	11.0
7.5	9.5
52.0	54.0
4.0	4.0
2.0	1.0
0.0	0.0
11.5	12.0
13.0	13.5
9.0	9.0
5.0	4.0
17.5	19.0
4.0	4.0
5.0	7.0
4.0	6.0
6.0	6.0
9.5	10.0
5.0	5.0
11.0	12.0
4.0	4.0
3.0	3.0
14.0	15.0
11.0	11.0
18.0	19.0
10.0	11.0
<u>288.0</u>	<u>302.0</u>

City of Sandusky
Operating Indicators by Function/Program
Last Six Years

Function/Program	2009	2008	2007
Security of Persons and Property-Police			
Number of Calls for Service	28,288	21,441	17,529
Number of Traffic Citations and Arrests	4,319	4,892	3,807
Number of Parking Tickets Issued	1,069	1,819	1,815
Accident Severity Breakdown			
Fatalities	0	2	0
Injury	120	123	132
Property Damage	511	575	651
Number of Criminal Arrests	5,771	7,953	8,094
Number of DUI Arrests	241	209	235
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$5,404,496	\$5,384,630	\$5,017,372
Security of Persons and Property-Fire			
Number of EMS Calls	3,858	3,673	3,641
Number of Fire Calls	1,177	1,168	1,115
Net Ambulance Billing Collections	\$626,958	\$660,239	\$599,323
EMS Response Time (in seconds)	178	186	214
Fire Reponse Time (in seconds)	247	207	226
Number of Times Mutual Aid Given	18	27	18
Number of Times Mutual Aid Received	16	19	30
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,900,965	\$4,745,641	\$4,515,255
Public Health			
Cemetery Burials	95	93	103
Cemetery Cremations	42	42	35
Cemetery Sale of Lots	69	74	103
Cemetery Charges for Services Receipts	\$100,113	\$95,190	\$107,389
Leisure Time Activities			
Recreation			
Boat Ramp Receipts	\$845	\$38,128	\$55,519
Golf Course Receipts	\$207,048	\$244,384	\$209,793
Recreation Receipts	\$27,820	\$36,325	\$34,509
Sandusky Bay Pavilion Receipts	\$17,515	\$34,261	\$35,741
Reimbursements/Donations	\$669	\$529	\$124
General Fund Subsidy	\$108,255	\$107,344	\$193,549
Golf Course-Daily Pay Rounds	9,517	11,275	10,357
Golf Course-Daily Pass Rounds	9,484	9,973	10,074
Golf Course-Annual Pass Sales	132	145	164
Boat Ramp-Number of Daily Passes Sold	n/a	3,915	4,513
Boat Ramp-Number of Season Passes Sold	n/a	78	113
Boat Ramp-Number of Tournament Days	14	4	22

2006	2005	2004
15,951	16,010	16,869
2,598	2,537	2,344
2,672	2,513	2,921
0	0	1
159	177	196
582	641	738
7,829	7,341	7,169
174	145	168
14.9	14.9	14.9
\$4,835,645	\$4,416,114	\$4,628,849
3,332	3,223	3,279
950	928	887
\$637,234	\$595,298	\$596,512
199	198	165
191	201	171
23	16	19
45	37	19
14.9	14.9	14.9
3	3	3
\$4,314,322	\$3,996,555	\$3,849,625
131	106	107
26	33	32
64	70	89
\$103,154	\$107,066	\$111,878
\$53,306	\$32,280	\$29,504
\$188,407	\$224,461	\$198,801
\$22,999	\$21,127	\$12,394
\$54,355	\$8,295	\$0
\$877	\$1,058	\$9,245
\$215,713	\$112,894	\$129,599
8,140	9,817	9,658
8,695	8,185	8,578
197	195	160
4,616	4,915	4,523
124	155	142
19	21	12

(continued)

City of Sandusky
 Operating Indicators by Function/Program
 Last Six Years
 (continued)

Function/Program	2009	2008	2007
Horticulture Services			
Trees Planted	20	32	103
Trees Removed	108	133	159
Trees Trimmed	265	408	659
Stumps Removed	75	245	202
Loads of Wood and Chips to Residents	176	133	246
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	222	188	250
Trees Removed	1,036	1,210	1,550
Trees Trimmed	216	680	866
Stumps Removed	230	382	364
Storm Cleanup	288	489	357
Plant Propagation	1,857	1,276	1,949
Plant Installation	573	961	700
Landscape Maintenance	2,060	875	1,893
Fountain and Irrigation Maintenance	130	100	121
Playground Equipment Maintenance	117	80	170
Nursery Maintenance	75	95	87
Baseball Field Maintenance	342	371	326
Public Restroom Maintenance	258	242	266
Holiday Decorations	856	1,251	1,208
Christmas Tree Pickup	16	24	56
Transportation			
Cost of Salt Purchased	\$7,095	\$71,372	\$83,436
Number of Regularly Scheduled Work Hours Related to Snow Removal	1,398	1,595	1,301
Sign Department Hours	2,251	1,904	2,538
Guardrail Repair Hours	16	0	18,718
Street Improvements-Asphalt Overlay (linear feet)	2,740	3,444	547
Pavement Marking Hours	841	850	1,160
Cold Patch Hours	1,330	1,922	1,281
Street Sweeping Hours	1,453	1,358	1,477
General Government-Court			
Municipal Court			
Number of Civil Cases	3,166	3,277	3,097
Number of Criminal Cases	13,156	12,888	12,052
General Government-Other			
Finance			
Agency Ratings-Moody's Financial Services	A2	A2	A2
Income Tax			
Number of Individual Returns	6,982	12,838	9,704
Number of Business Returns	2,070	1,423	1,292
Number of Business Withholding Accounts	8,550	1,337	1,352
Amount of Interest and Penalties Collected	\$148,491	\$165,724	\$207,015
Tax Revenue	\$6,249,181	\$8,179,964	\$6,891,325
City Commission			
Number of Ordinances Passed	131	150	105
Number of Resolutions Passed	33	37	38
Municipal Buildings and Lands			
Number of Construction Permits Issued (building, electric, plumbing)	931	1,146	892
Estimated Value of Construction	\$30,794,209	\$14,812,745	\$12,990,490
Amount of Revenue Generated from Building Department	\$162,116	\$162,072	\$136,065

2006	2005	2004
134	39	75
208	180	161
486	842	762
177	137	219
254	278	119
212	135	356
2,242	1,712	1,532
1,113	1,312	1,476
306	225	449
299	411	315
2,412	2,271	2,125
1,461	1,575	1,220
2,090	1,933	1,430
170	217	270
221	418	126
96	106	173
871	573	380
489	229	129
533	476	1,002
59	65	163
\$25,872	\$67,835	\$40,109
336	532	371
2,312	2,082	2,601
0	7	11
7,580	3,419	3,134
516	503	217
410	2,499	2,701
1,156	1,012	771
2,893	2,554	2,977
10,915	11,955	11,311
A2	A2	A2
11,503	9,450	11,601
1,226	1,429	1,625
8,885	1,375	N/A
\$78,435	\$101,724	\$127,529
\$7,179,950	\$7,156,052	\$7,021,290
130	72	165
55	30	48
1,018	1,113	1,155
\$71,960,299	\$49,638,024	\$41,545,823
\$329,152	\$381,708	\$229,887

(continued)

City of Sandusky
 Operating Indicators by Function/Program
 Last Six Years
 (continued)

Function/Program	2009	2008	2007
Civil Service			
Number of Police Entry Tests Administered	0	0	1
Number of Fire Entry Tests Administered	0	1	0
Number of Police Promotional Tests Administered	0	1	3
Number of Fire Promotional Tests Administered	1	1	0
Number of Hires of Police Officers from Certified Lists	0	7	4
Number of Hires of Fire/Medics from Certified Lists	2	2	0
Number of Promotions from Police Certified Lists	0	2	8
Number of Promotions from Fire Certified Lists	1	1	0
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	\$4.10	\$4.10	\$4.10
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	\$7.00	\$7.00	\$7.00
Total Flow of Wastewater Treatment Plant	3,791	4,300	4,174
Average Daily Flow (millions of gallons per day)	10.42	11.79	11.42
Tons of Dry Sludge Removed	1,441	1,491	1,650

Source: City Records

(1) Based on 5/8" meter

Note: Information prior to 2004 not available.

2006	2005	2004
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
\$4.10	\$4.10	\$4.10
\$7.00	\$7.00	\$7.00
4,120	3,943	3,868
11.30	10.82	10.57
1,357	1,466	1,468

City of Sandusky
Capital Assets by Function/Program
Last Six Years

Function/Program	2009	2008	2007
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	27	27	25
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	15	16	15
Public Health			
Vehicles	3	3	3
Leisure Time Activities			
Number of Parks	20	20	20
Number of Piers/Pavilions/Plazas	4	4	4
Number of Boat Launch Ramps	1	1	1
Number of Golf Courses	1	1	1
Number of Baseball/Softball Diamonds	17	17	17
Number of Skateboarding Areas	1	1	1
Community Environment			
Vehicles	34	34	34
Transportation			
Bridges	1	1	1
Streets (miles)	113.7	113.7	113.7
Vehicles	29	29	29
General Government-Other			
City Manager Vehicles	6	6	6
Mechanic Vehicles	4	4	4
Engineering Vehicles	10	10	10
Water			
Water Lines (miles)	134.82	134.69	134.66
Vehicles	16	16	16
Sewer			
Sewer Lines (miles)	163.69	163.49	162.52
Vehicles	19	19	19

Source: City Records

2006	2005	2004
1	1	1
27	22	22
3	3	3
14	14	13
3	3	3
20	21	21
4	4	4
1	1	1
1	1	1
17	17	17
1	1	1
34	34	34
1	1	1
113.7	113.7	112.3
29	30	30
6	6	6
5	5	5
10	10	10
134.37	134.37	134.37
16	17	17
162.50	161.73	161.73
19	20	20





Mary Taylor, CPA
Auditor of State

CITY OF SANDUSKY

ERIE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 17, 2010**